



06 July 2023

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

Summary note

I. Introduction

A. Mandate

1. The Conference of the Parties (COP) decided that, in accordance with Article 9, paragraph 3, of the Paris Agreement and prior to 2025, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) will set a new collective quantified goal on climate finance (NCQG) from a floor of USD 100 billion per year taking into account the needs and priorities of developing countries.¹

2. CMA 1 decided to initiate at CMA 3, deliberations on setting the NCQG in accordance with Article 9, paragraph 3, of the Paris Agreement, from a floor of USD 100 billion per year in the context of meaningful mitigation actions and transparency of implementation and taking into account the needs and priorities of developing countries, and agreed to consider in those deliberations the aim of strengthening the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas (GHG) emissions and climate-resilient development.²

3. CMA 3 established an ad hoc work programme on the NCQG for 2022–2024 and decided to conduct four technical expert dialogues (TED) per year thereunder.³ CMA 4 requested the co-chairs of the ad hoc work programme, with a view to significantly advancing substantive progress in 2023, to develop and publish by March 2023 a workplan for 2023,⁴ including themes for the TEDs to be held that year. It also requested the co-chairs to provide information on the discussions held and present information on the way forward, including possible options, following each TED.⁵

B. Meeting details and objective

4. TED 6 was held on 12 June (09:00–17:00) and 13 June (14:00–18:00) at Ameron Hotel Königshof, Bonn, Germany, in conjunction with the fifty-eighth sessions of the subsidiary bodies.

5. The objective of the dialogue was to discuss and identify potential options for ways to determine the quantum of the NCQG, in the context of the NCQG's aim of contributing to

¹ Decision 1/CP.21, para. 53.

² Decision 14/CMA.1.

³ Decision 9/CMA.3, paras. 3 and 5.

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

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

accelerating the achievement of Article 2 of the Paris Agreement and options on the mobilization and provision of financial sources.

C. Preparatory activities

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

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

- (i) How the quantum should be set; and
- (ii) Mobilization and provision of financial sources.

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

7. The co-chairs also conducted a series of informal bilateral consultations with interested groups of Parties at their request in May 2023. On the basis of those consultations and the submissions received, the secretariat prepared a provisional programme for the dialogue under the guidance of the co-chairs. The programme and guiding questions were shared with all participants ahead of the dialogue and made available on the dedicated web page.⁷

D. Proceedings

8. The dialogue was opened by the co-chairs of the ad hoc work programme and began with opening remarks by Simon Stiell, UNFCCC Executive Secretary, and Ambassador Mohamed Nasr, a representative of the COP 27 Presidency and chief negotiator. The co-chairs then provided an overview of the organization of work of the dialogue, including expectations for the dialogue.⁸

9. Two overview presentations were delivered on available information on finance and investment needs to achieve the goals of the Paris Agreement. Molly Caldwell and Natalia Alayza of the World Resources Institute presented a landscape of assessments on the quantum of finance needed to address climate action. Cecilia Tam of the International Energy Agency presented the findings from the 2023 World Energy Investment report,⁹ which outlines the energy investments needed to achieve its net zero scenario, including financial sources and instruments. She also provided information related to a forthcoming report by the International Energy Agency and the International Finance Corporation on financing the energy transition in emerging and developing economies.

10. To facilitate interactive and outcome-oriented discussions, participants were divided into six working groups and tasked with identifying and developing options for ways to determine the quantum of the NCQG and mobilization and delivery of financial sources, including the rationale for each option and highlighting associated challenges and opportunities. When considering options, participants were guided by a set of example options developed and made available by the co-chairs of the ad hoc work programme prior to the dialogue (see annex). Participants considered the example options presented, modified and combined their preferred options and identified additional options. The working group

⁶ Available at <https://unfccc.int/documents/624858>.

⁷ Available at <https://unfccc.int/event/sixth-technical-expert-dialogue>.

⁸ The programme, presentation slides and video recording are available at <https://unfccc.int/event/sixth-technical-expert-dialogue>.

⁹ Available at [World Energy Investment 2023 – Analysis - IEA](https://www.iea.org/reports/world-energy-investment-2023).

discussions were followed by a report back to the plenary by the moderator of each working group on the options identified, followed by an open discussion among all participants.

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

12. Maitha Alkaabi, a representative of the incoming COP 28 Presidency, delivered closing remarks, and the co-chairs outlined next steps to be taken prior to TED 7, which include the preparation of a summary note of the discussions at TED 6 and preparations of the succeeding dialogue.

II. Summary of the discussions

A. Options for ways to 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

13. On ways to determine the quantum of the NCQG, participants discussed *general considerations* as well as identified and developed *options*, providing the rationale for each option and highlighting the associated advantages and disadvantages.

14. The general considerations included, inter alia:

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

(b) The potential relationship between Article 9 of the Paris Agreement and the aim of the NCQG of accelerating the achievement of Article 2 of the Paris Agreement;

(c) The nationally determined needs and priorities of developing countries, in line with decision 1/CP.21, paragraph 53, which stipulates that the NCQG will be set from a floor of USD 100 billion per year taking into account the needs and priorities of developing countries;

(d) Ways of taking into account the needs and priorities of developing country Parties, particularly whether the NCQG will be informed by the full cost estimates of identified needs and priorities or a share thereof (for example, x per cent of estimated needs and priorities) and how to arrive at such cost estimates;

(e) The need to reflect flexibility in setting the NCQG to account for changing needs and priorities and the predictability of financial resources;

(f) The possibility of embedding a mechanism for periodically revising the quantum of the NCQG when setting the goal to reflect the dynamically changing needs and priorities of developing countries, which could be triggered according to predefined review cycles, macroeconomic conditions such as inflation, loss and damage to related catastrophic events, informed by available information and data. Some participants emphasized the role of the global stocktake as an appropriate modality for revising the NCQG periodically;

(g) Using the best available science and information, recognizing that information and knowledge gaps should not constitute a barrier to setting an ambitious climate finance goal;

(h) The need to take into account a variety of factors, including:

(i) The time frame of the NCQG and the best available data and information on cost estimates for a specified time frame(s);

(ii) The scope, structure and nature of the NCQG, such as whether the NCQG will have targets or sub-goals by theme, sector, geographic region, source and instrument;

(iii) The financial sources, instruments and contributors considered within the NCQG context;

(i) Whether the quantum could embody several tiers (or quanta) to reflect the complexity of the NCQG;¹⁰

(j) The need for the NCQG to have a simple structure, recognizing the trade-off between having a multilayer structure of the goal and the ability to track progress towards achieving it, and recognizing that the NCQG cannot cover all aspects asked for by everyone.

15. When identifying options for ways to determine the quantum of the NCQG, participants based their discussions on the guiding questions and example options provided in the provisional programme and focused on the approach to determining the quantum and the possible structure of the quantum, noting that the options identified are not mutually exclusive, and that some participants noted support for multiple options.

1. Options for ways to approach determining the quantum of the new collective quantified goal on climate finance

16. Acknowledging that the starting point for determining the quantum of the NCQG should be the needs and priorities of developing countries, most participants raised concerns about the viability of the example options that involve increasing the provision of climate finance from a baseline by a given factor, doubling or tripling the provision of finance (i.e. example option 1(a) as outlined in the annex) and based on a defined mobilization target (i.e. example option 1(d) as outlined in the annex). For option 1(a), some participants noted that applying a factor to a baseline estimate, where the baseline would be difficult to define, may also infer that each contributor or source of finance should reciprocate, thereby disproportionately increasing the burden of key contributors and sources of finance that currently provide significant amounts of finance. Instead, the options identified as the most relevant were (a) setting a quantum based on information on the needs and priorities of developing countries, following a bottom-up approach; (b) setting a quantum based on information on needs, and a carve-out for the NCQG within those needs, noting that not all expressed needs can be addressed by one goal; (c) setting a quantum based on outcomes to be achieved in the context of Article 2 of the Paris Agreement; (d) setting a quantum dependent on the scope and structure of the NCQG; (e) setting a quantum based on the breadth of contributors, including from the private sector, philanthropic organizations and others; (f) setting a quantum based on a certain percentage of the gross national income (GNI) or gross domestic product (GDP) of developed country Parties; and (g) setting a quantum based on a combination of example options.

(a) Setting a quantum based on information on the needs and priorities of developing countries, thereby following a bottom-up approach

17. This option would be derived from a bottom-up cost estimate of the needs and priorities of developing countries, as identified in their national reports to the UNFCCC (e.g. nationally determined contributions and national adaptation plans). Proponents of this option indicated that this approach best reflects the needs and priorities of developing countries, which are identified in a self-determined manner. Concerns identified with this option included, among others, limited information on the methodologies to costing needs and priorities, resulting in unreliable cost estimates with overestimation of some developing countries' needs and underrepresentation of other developing countries' needs. Other participants emphasized that the availability of such information would improve over time as developing countries continue to periodically update their national reports and build capacities to identify and cost needs and priorities. Other concerns associated with this option is that it would require a wider range of sources to cover the estimated costs of needs, which are estimated to be in the range of USD trillions.

¹⁰ The summary note primarily refers to "quantum" for ease of reference, notwithstanding that many participants recognized that the NCQG may include several quanta.

18. Emphasizing the nationally determined nature of this option, participants identified the following sources of information as important inputs to informing the quantum of the NCQG: the conditional actions outlined in nationally determined contributions, national adaptation plans, biennial transparency reports, once available, long-term low-emission development strategies, and other national plans and strategies such as national investment plans. Aggregate reports such as the reports of the Standing Committee on Finance on the determination of the needs of developing country Parties related to implementing the Convention¹¹ and the Paris Agreement and its biennial assessment and overview of climate finance flows were also mentioned as potential sources¹².

19. One participant suggested that the quantum of the goal would be at least USD 1 trillion per year, while another participant was of the view that at least USD 1.1 trillion per year would be required over the time frame 2025–2030, which would be additional to the deficit arising from not meeting the goal of jointly mobilizing USD 100 billion per year by 2020 and through to 2025.

(b) Setting a quantum based on information on needs and a carve-out for the new collective quantified goal on climate finance within those needs

20. Similar to option 1(a), this option considers setting a quantum of the NCQG that is informed by the needs and priorities of developing countries, but considers some rather than all expressed needs and priorities. This would entail focusing the NCQG on a specific subset or share (e.g. in the form of percentages) of estimated needs, taking into account identified priorities. Proponents of this option argued that the quantum of NCQG cannot consider all needs and priorities of developing countries as this would make it difficult to implement and hence achieve the NCQG, particularly from public sources of finance. Other participants recognized the importance of taking into account needs and priorities of developing countries in determining the quantum but also underscored that needs and priorities of developing countries are only one of several factors to consider when determining the quantum. While many participants supported this option, some participants raised concerns that a reference to a carve-out would limit the consideration of needs and priorities, and thus questioned how a subset or share of needs would be determined.

(c) Setting a quantum based on outcomes to be achieved in the context of Article 2 of the Paris Agreement (“outcome-oriented goal”)

21. This option would involve identifying cost estimates for achieving a certain target over a medium- to long-term period (e.g. reducing GHG emissions by 20xx). It could also consider cost estimates for interim targets or milestones to be achieved within a given time frame (see also the options identified in the summary note of TED 5¹³).

22. Proponents of this option highlighted the opportunity to drive ambitious climate action in line with the goals of the Paris Agreement as stipulated in its Article 2, recognizing that ambitious action requires an ambitious quantum. Concerns associated with this option were, inter alia, that a reference to Article 2 of the Paris Agreement would limit needs to adaptation and mitigation, thereby excluding needs related to addressing loss and damage. Furthermore, long-term cost estimates of needs may be general estimates that are subject to significant changes over time. It was noted that the shorter the time frame of the goal, the more likely estimates are to reflect the needs and priorities of developing countries.

23. This option would consider both national reports submitted by developing countries, particularly those to the UNFCCC, and top-down estimates of needs derived from global and regional reports, including findings from the International Energy Agency, the International

¹¹ Available at <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>.

¹² Available at <https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-of-climate-finance-flows>.

¹³ Available at https://unfccc.int/sites/default/files/resource/SummaryNote_TED5_29March_final.pdf.

Renewable Energy Agency, the Organisation for Economic Co-operation and Development, the Climate Policy Initiative, the United Nations Environment Programme and the World Resources Institute, as well as the work of regional bodies such as regional multilateral development banks, the World Bank, the International Monetary Fund, and other processes such as those being implemented by the Network of Central Banks and Supervisors for Greening the Financial System, the Coalition of Finance Ministers for Climate Action and the Glasgow Financial Alliance for Net Zero.

(d) Setting a quantum dependent on the scope and structure of the new collective quantified goal on climate finance

24. Proponents of this option suggested that the scope and structure of the NCQG should be the starting point for setting the goal, with some participants suggesting that this option could include setting the quantum based on a multilayer approach that follows an onion structure, where each layer represents a quantum covering an element considered under the NCQG, including thematic areas, sectors, geographic regions, sources of finance and instruments, and the roles that different actors can play in mobilizing and providing financial sources (see also para. 28 below). Another participant proposed a different multilayer approach consisting of a global investment target, an international public mobilization support target and possible quantitative and qualitative targets representing realignment of finance flows with the goals of the Paris Agreement. Several participants recognized that determining the quantum will depend on the scope and structure of the NCQG, and therefore underscored that this option could also be considered as a key consideration for setting the quantum and, as such, could be embedded into each identified option.

(e) Setting a quantum based on the breadth of contributors, including from the private sector, philanthropic organizations and others

25. Proponents of this option suggested considering the range of contributors as a starting point when determining the quantum of the NCQG to address the needs of developing countries, which are estimated to be in the range of USD trillions and, as such, cannot be limited to international public finance only or any finance sub-flow alone. Concerns associated with this option were related to, inter alia, basing the quantum on contributors that are not subject to reporting obligations under the Convention and the Paris Agreement and thus cannot be held accountable, which in turn will make it difficult to track progress towards achieving the NCQG and ensure that the goal is ultimately met. Other participants suggested that the NCQG could incentivize contributions from a wide range of contributors, including from the private sector and philanthropic organizations, by providing qualifiers for qualitative provisions when framing the NCQG rather than setting specific quantitative targets.

(f) Setting a quantum based on a certain percentage of the gross national income or gross domestic product of developed country Parties

26. This option involves determining the quantum of the NCQG on the basis of a defined percentage of the GNI or GDP of developed country Parties. While proponents of this option argued that a reference to GNI or GDP could be a good factor for revising the goal automatically without undergoing lengthy negotiation procedures, other participants underscored that this option may limit the predictability of the provision of financial sources, as recessions could result in less finance being provided over the longer term. Furthermore, the effectiveness of references to shares of GNI or GDP have not yet been proven in the context of setting collective international goals and would not be informed by the needs and priorities of developing countries.

(g) Setting a quantum based on a combination of options

27. Recognizing that the example options, as outlined in the annex, are not mutually exclusive, participants also identified the following combinations of options:

(a) Increasing the provision of climate finance from a baseline of existing provisions by a given factor and setting a quantum based on information on needs and a carve-out for the NCQG within those needs (options 1(a) and (b));

(b) Increasing the provision of climate finance from a baseline by a given factor, setting a quantum based on information on needs and a carve-out for the NCQG within those needs and in the context of achieving Article 2 of the Paris Agreement (options 1(a), (b) and (c));

(c) Setting a quantum based on the needs of developing countries and a carve-out for the NCQG within those needs and in the context of achieving Article 2 of the Paris Agreement (options 1(b) and (c));

(d) Setting a quantum based on information on the needs of developing countries and a carve-out for the NCQG within those needs and based on the breadth of contributors, including from the private sector, philanthropic organizations and others (options 1(b) and (f));

(e) Setting a quantum dependent on the scope and structure of the goal and based on the breadth of contributors, including from the private sector, philanthropic organizations and others (options 1(e) and (f));

(f) Setting a quantum dependent on the scope and structure of the goal based on information on needs and a carve-out for the NCQG within those needs and based on outcomes to be achieved in the context of achieving Article 2 of the Paris Agreement, and on the breadth of contributors, including from the private sector, philanthropic organizations and others (options 1(b), (c), (e) and (f)).

2. Options for structuring the quantum of the new collective quantified goal on climate finance

(a) Onion structure

28. Recognizing that the NCQG, including the quantum, could be composed of multiple layers, some participants suggested an onion structure, where multiple layers represent quanta for various elements considered under the NCQG, including thematic areas, sectors, geographic regions, sources of finance and instruments, and the roles that different actors can play in mobilizing and providing financial sources. The concerns associated with this option included its complex structure, which may make it difficult to track progress across each element (layer), including as a result of a lack of information and data from which to derive cost estimates for each element. One participant emphasized the need to take into account the fact that the elements considered under the onion structure differ in terms of size, scope and source and availability of information. Another participant suggested a simple layered approach.

(b) Thematic structure

29. In line with the options identified with regard to the possible structure of the NCQG at TED 5, some participants proposed setting quantitative targets or sub-goals by thematic area for mitigation, adaptation and loss and damage on the basis of the needs and priorities of developing countries identified in national, regional and global reports. Some participants also proposed including sub-goals by sector. The concerns associated with this option included a lack of information and data from which to derive cost estimates for adaptation and loss and damage compared with information and data on cost estimates for mitigation and significant crossover between thematic areas at implementation, so reporting on discrete sub-goals could be difficult and may lead to maladaptive programming.

(c) The role the new collective quantified goal on climate finance can play

30. Proponents of this option identified setting a sub-goal or quantum that would reflect the cost estimates of developing countries' needs and priorities, which could be covered by

different sources of finance, including public and private, and a sub-goal or quantum that could be delivered through international public finance from developed to developing countries (see also chap. II.B below).

B. Options for ways to framing the mobilization and provision of financial sources in the new collective quantified goal

31. On ways to determine options on the mobilization and provision of financial sources in the NCQG, participants discussed *general considerations* in relation to this matter and identified and developed *options*, providing the rationale for each option and highlighting the associated advantages and disadvantages.

32. The general considerations included, inter alia:

(a) The need for the mobilization and provision of financial sources to be in line with the principles and provisions of the Convention and the Paris Agreement, particularly the principles of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, in the context of Article 9 of the Paris Agreement and in the context of the aim of the NCQG of accelerating the achievement of Article 2 of the Paris Agreement;

(b) The relationship between mobilization and provision when it comes to grant-based public finance and engaging with the private sector (e.g. through blended finance that can help de-risking private transactions in emerging markets) and ensuring the NCQG reflects this relationship in the context of both Article 9 and Article 2, paragraph 1(c), of the Paris Agreement;

(c) A concern that targets or shares of the NCQG for private sources would make it difficult to ensure accountability of private sector institutions owing to a lack of reporting requirements for the private sector under the Convention and the Paris Agreement;

(d) The need to consider which sources and instruments under the NCQG could address which needs and thematic areas, taking into account different national circumstances of developing countries, in order to avoid increasing the debt burden of already indebted developing countries;

(e) The need to build on lessons learned in relation to the goal of jointly mobilizing USD 100 billion per year by 2020 and through to 2025;

(f) The need for a universally agreed climate finance definition, including in relation to the provision and mobilization of climate finance, so as to clarify which types of finance the NCQG covers;

(g) The need for political engagement and a strong political will when setting and achieving the NCQG.

33. When discussing options in this area, participants discussed: (1) potential sources of finance within the NCQG and (2) the relationship between the NCQG and Article 2, particularly its paragraph 1(c), of the Paris Agreement, in the outcome of the NCQG, noting that options in this regard are not mutually exclusive, with some participants noting support for multiple options.

1. Options for potential sources of finance within the new collective quantified goal on climate finance in line with Article 9 of the Paris Agreement

(a) Differentiating between types of sources of climate finance and instruments

34. Participants identified the following options for differentiating between types of sources of climate finance and instruments:

(a) Reference to public sources of finance, particularly grant-based finance for adaptation and loss and damage through a ratio or quantitative target, and (concessional) loans for mitigation;

(b) Reference to a wide variety of sources in accordance with Article 9, paragraph 3, of the Paris Agreement;

(c) Reference to a multilayer approach with international public sources at the core of the NCQG and private and innovative sources as the outer layers, with arrangements for tracking finance flows to avoid high-emission and unsustainable development.

35. Most participants recognized the importance of the provision of public and grant-based financial sources as part of the NCQG, with provisions to measure and track the achievement of the NCQG through agreed transparency arrangements, building on the enhanced transparency framework. Therefore, some participants voiced concerns about mobilization of finance from non-State actors, such as private sector representatives and philanthropic organizations, which are not subject to reporting obligations and, hence, will not be held accountable if they fail to deliver on commitments made under the Convention and the Paris Agreement. Some participants discussed options for including innovative sources of finance, such as debt swaps, market-based mechanisms, taxes on the arms industry, and international levies on commercial air passenger travel and emissions from international shipping taxation. Several participants proposed considering domestic efforts and sources of finance as part of the sources of the NCQG, including considering whether and how the NCQG should refer to the role of policies to attract and enable private investments.

(b) Differentiating between mobilization, provision and/or alignment of financial sources

36. When considering whether and how to differentiate between mobilization, provision and/or alignment of financial sources, participants identified the following options:

(a) Reference to a quantitative goal for the provision of international public sources of finance to developing countries;

(b) Reference to a quantitative target or sub-goal for the provision of climate finance from international public sources of finance to developing countries and a target or sub-goal for private sources mobilized through public interventions;

(c) Reference to a multilayer approach with (a) quantitative target(s) for the provision of international public climate finance at the core of the NCQG and mobilization of financial sources, redirection of unsustainable finance flows and the deployment of different financial instruments as the outer layers;

(d) Reference to a multilayer approach with a global investment target, an international public mobilization support target, possible quantitative and qualitative targets representing realignment of finance flows with the goals of the Paris Agreement;

(e) Reference to a multilayer approach in line with the Kunming–Montreal Global Biodiversity Framework consisting of quantitative targets for phasing out harmful subsidies, mobilizing financial sources, providing international climate finance from developed to developing countries with voluntary contributions from other countries, and qualitative elements for domestic resource mobilization, leveraging private finance, and promoting blended finance and innovative instruments.

(c) Differentiating between the role of different actors in the provision and mobilization of climate finance

37. When considering the potential roles of Parties and non-Party stakeholders in the provision and mobilization of climate finance under the NCQG, participants identified the following:

(a) **Provision of climate finance from developed to developing country Parties and voluntary contributions from private sector entities mobilized through public interventions by developed country Parties:** Proponents of this option recognized that, in

accordance with Article 9, paragraph 1, of the Paris Agreement, developed country Parties shall take the lead in the provision of financial sources, which will be reflected through an international public finance target. Participants also reiterated that the NCQG should be in the context of Article 9, paragraph 3, of the Paris Agreement, which stipulates that as part of a global effort, developed country Parties should continue to take to lead in the mobilization of climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties, and that such mobilization of climate finance should represent a progression beyond previous efforts. With this provision in mind, proponents of this option highlighted the legal difference between Article 9, paragraph 1, which says “shall” (i.e. is legally binding), and Article 9, paragraph 3, which says “should” (i.e. is voluntary). While the proponents of this option recognized voluntary contributions from private sector entities, they also emphasized that such mobilization must be through public interventions to ensure accountability under the Convention and the Paris Agreement and enable reporting under the enhanced transparency framework.

38. Provision of climate finance from developed country Parties, other Parties and non-Party stakeholders, such as private sector entities and philanthropic organizations, to developing country Parties: Proponents of this option argued that the NCQG should provide space for interested non-Party stakeholders (e.g. pension funds) to contribute to the NCQG through the provision of climate finance to address the needs of developing countries, which are estimated to be in the range of USD trillions and, as such, cannot be covered by international public finance only. Proponents also underscored that the socioeconomic circumstances of some countries have changed since the establishment of the Convention and its annexes in 1992 and that the NCQG should reflect the reality in line with Article 9, paragraph 2, of the Paris Agreement and the provision of the NCQG being a “global effort”. Therefore, some participants emphasized that it will be difficult to justify why their national parliaments should provide increased climate finance to developing countries when other developing countries have reached both higher GHG emissions and levels of GDP. Other participants argued that widening the contributor base is outside the scope of the NCQG process, increases distrust in the process and gives the impression that developed country Parties are diluting their obligations to provide climate finance to developing country Parties and non-State actors.

(d) Identifying quantitative and qualitative elements and sources of finance that lead to a reduction in financial sources promoting emission-intensive and non-resilient development

39. Proponents of this option argued that it would send a strong signal to States and non-State actors in terms of pursuing the goals of the Paris Agreement and could be referred to as a qualitative element in the decision setting the NCQG, emphasizing their willingness to continue exploring if and how to include provisions for redirecting finance flows to incentivize more sustainable investment practices. While some participants agreed that the NCQG can provide strong signals for reducing financial sources flowing into GHG-intensive and non-resilient development, others emphasized that this should be implemented through national plans in a nationally determined manner, meaning that the NCQG should not prescribe national action.

2. Ways to reflect the relationship between the new collective quantified goal on climate finance and Article 2 of the Paris Agreement, particularly its paragraph 1(c), as it relates to finance, in the outcome of the goal

40. When considering this matter, participants identified the following options:

- (a) No integration of Article 2, paragraph 1(c), of the Paris Agreement in the NCQG;
- (b) Reflection of Article 2 of the Paris Agreement as a qualitative element;

- (c) Integration of Article 2 of the Paris Agreement as part of the NCQG;
- (d) Reflection of the NCQG as part of the broader picture of Article 2, paragraph 1(c), of the Paris Agreement.

41. Proponents of integrating Article 2, paragraph 1(c), of the Paris Agreement into the outcome of the NCQG underscored the importance of recognizing the linkages or complementarity between the NCQG and Article 2 of the Paris Agreement, which could be reflected as part of the NCQG itself, in the form of providing financial support to developing countries to make finance flows consistent with a pathway towards low GHG emissions and climate-resilient development or as an aspirational or qualitative element. Several participants expressed views that Article 2, paragraph 1(c), of the Paris Agreement should be at the centre of the NCQG.

42. Other participants emphasized that Article 2, paragraph 1(c), of the Paris Agreement should be complementary to but not part of the NCQG. Recognizing that efforts to make finance flows consistent with a pathway towards low GHG emissions and climate-resilient development are undertaken at the domestic level, some participants argued that such efforts must not be part of the NCQG. Some participants underscored that, if the NCQG is to include sub-goals or targets pertaining to Article 2 of the Paris Agreement, it would need to equally reflect sub-goals or targets for all subparagraphs of paragraph 1 of that Article.

43. Reiterating the NCQG's aim of accelerating the achievement of the goals of the Paris Agreement, some participants recognized the linkages between Article 2, paragraph 1(c), of the Paris Agreement and the NCQG, where Article 2, paragraph 1(c) should not be reflected as a sub-goal or target but rather as a qualitative element of the NCQG which could be achieved by reiterating decision 9/CMA.3, paragraph 15 in the decision that sets the NCQG in 2024. Other participants underscored that efforts to make finance flows consistent with a pathway towards low GHG emissions and climate-resilient development go beyond the scope of climate finance and, as such, the scope of the NCQG.

44. Recognizing that the Sharm el-Sheikh dialogue on Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement has only just been initiated, many participants emphasized that integration of this matter is not feasible at this point as Parties and non-Party stakeholders have yet to develop a common understanding of it.

III. Way forward

45. In identifying options for determining the quantum of the NCQG and mobilization and provision of financial sources, participants exchanged views on issues that may require further technical and political guidance at subsequent TEDs and at the 2023 HLMD to be held in conjunction with CMA 5. This chapter highlights the key issues that emerged from the plenary and working group discussions at TED 6.

A. Elements for further technical consideration

46. With regard to options for determining the quantum of the NCQG, participants identified, *inter alia*, the following areas that may require technical consideration at subsequent TEDs to enable informed decision-making when setting the NCQG:

- (a) How to distil information on the needs and priorities of developing countries to inform the quantum based on science;
- (b) Consideration of how progress under the NCQG process can feed into the global stocktake and what guidance, if any, the global stocktake can provide for the technical work under the ad hoc work programme on the NCQG to be conducted in 2024;
- (c) Addressing gaps in knowledge and information on costs associated with the elements considered in the NCQG process, recognizing that such gaps should not prevent

setting an ambitious NCQG as knowledge and methodologies (particularly related to identifying and costing needs) will improve over time in relation to, inter alia:

- (i) Estimating the costs of needs and priorities of developing countries according to different time frames, particularly those time frames identified as options for the NCQG at TED 5;
- (ii) Quantifying needs and priorities related to loss and damage, including for non-economic losses and damages, and how needs and priorities related to loss and damage differ from adaptation needs and priorities;
- (iii) Addressing differences in estimated costs of developing countries' needs owing to different methodologies and assumptions applied across global, regional and national reports;
- (iv) Quantifying information on developing countries' needs and priorities by sector, sub-sector, geographic region and according to different time frames;
- (v) Assessing needs and priorities by financial source and instruments;
- (d) Consideration of how to incentivize common approaches towards assessing and quantifying needs and tracking progress towards addressing them under the NCQG;
- (e) Clarification of what an outcome-oriented goal could be and what the NCQG should achieve, including in the context of agreed political commitments such as those under the Sharm el-Sheikh Implementation Plan.

47. With regard to options pertaining to the mobilization and provision of financial sources, participants identified the following aspects:

- (a) Analysis of public finance provided to date by developed to developing countries and private finance mobilized through public interventions, including lessons learned;
- (b) Analysis of how much public finance can leverage private finance under the NCQG;
- (c) Clarity regarding how to measure private sector contributions;
- (d) Consideration of approaches to scaling down financial flows that are not consistent with a pathway towards low GHG emissions and climate-resilient development and the need to enhance ways to track or monitor progress towards scaling down such flows;
- (e) Distinction between innovative instruments and sources when discussing qualitative elements of the NCQG to avoid increasing levels of indebtedness in developing countries which could be discussed at TED 7;
- (f) How to advance and scale up grant-based finance;
- (g) How other workstreams under the UNFCCC, such as finance for loss and damage, the just transition work programme, the global goal on adaptation, the Sharm el-Sheikh mitigation ambition and implementation work programme and work related to Article 2, paragraph 1(c), of the Paris Agreement, can inform the NCQG;
- (h) How to mobilize public support to enable just transitions.

48. Recognizing the importance of tracking progress towards achieving the NCQG, many participants emphasized linkages with reporting and review cycles. Participants also discussed the possibility of reviewing different aspects of the NCQG on the basis of different time frames. Some underscored that embedding revision cycles in the NCQG would ensure that the NCQG, including its quantum and financial sources, remains adequate, namely is reflective of the needs and priorities of developing countries, which are continuously changing.

49. Another suggestion made was to consider at TED 7 convergent views on elements discussed at TED 5 and TED 6 that relate to the elements of quality and transparency arrangements.

B. Elements for political consideration

50. Most participants identified the need for political guidance at the 2023 HLMD, to take place in an interactive format so as to facilitate interactive exchanges among ministers, particularly in relation to the following:

- (a) How to take into account the needs and priorities of developing countries and the extent to which the NCQG should strive to cover needs and priorities, namely whether to cover the total estimates of costed needs and priorities or a share thereof;
- (b) Whether the NCQG and its quantum should be revised regularly to take into account the changing needs and priorities of developing countries;
- (c) Guidance on the nature, structure and scope of the NCQG;
- (d) Guidance related to the potential time frame or temporal scope of the NCQG;
- (e) Guidance on the potential structure of the NCQG with regard to quantitative elements pertaining to mitigation, adaptation and loss and damage;
- (f) Whether the NCQG should be framed as a climate finance provision or as a mobilization goal;
- (g) Guidance related to lessons learned from the USD 100 billion goal, including:
 - (i) The low mobilization of private finance through public interventions and if and how this could be improved under the NCQG;
 - (ii) How to set a new goal that is fit for purpose and aligned with the Paris Agreement;
 - (iii) How to ensure high political commitment to implementing and achieving the NCQG;
- (h) Guidance on the specific role of the NCQG in relation to Article 2, including its paragraph 1(c), and Article 9 of the Paris Agreement;
 - (i) The need for a universally agreed definition on climate finance and its relationship with the NCQG;
 - (j) How developed country Parties can better coordinate and collaborate on burden-sharing arrangements in relation to achieving the NCQG;
 - (k) How to reflect the provision of global efforts in the NCQG in line with Article 9, paragraph 3, of the Paris Agreement;
 - (l) How the technical outcomes of the TEDs will be considered at the political level and in the final outcome of the NCQG;
 - (m) How the long-term vision of the NCQG may be linked to transformational change and achieving the goals of the Paris Agreement;
 - (n) How the NCQG may be set up to be effective and outcome-oriented.

Annex

Example options presented by the co-chairs at the sixth technical expert dialogue on options for ways to determine the quantum of the new collective quantified goal on climate finance and on the mobilization and provision of financial sources

1. Options on ways to determine the quantum of the new collective quantified goal on climate finance

- (a) Increasing provisions of climate finance from a baseline of existing provisions by a factor x (doubling/tripling/etc.);
- (b) Setting a quantum based on information on the needs and a carve-out for the NCQG within those needs;
- (c) Setting a quantum based on outcomes to be achieved in the context of Article 2 of the Paris Agreement;
- (d) Setting a quantum based on a defined mobilization target (e.g. similar to the Global Environment Facility mobilization target);
- (e) Setting a quantum dependent on the scope and structure of the NCQG;
- (f) Setting a quantum based on breadth of contributors, including from the private sector and philanthropic organizations and others;
- (g) Others?

2. Options for framing the mobilization and provision of financial sources in the new collective quantified goal on climate finance

- (a) What are ways/options to reflect potential sources of finance within the NCQG in line with Article 9 of the Paris Agreement, inter alia:
 - (i) Through referring to the type of source (international and/or domestic, public and/or private, concessional and/or non-concessional finance, innovative sources);
 - (ii) Through differentiating between mobilization, provision and/or alignment of climate finance (e.g. private sources without mobilization through public intervention) in a quantitative or qualitative manner;
 - (iii) Through referring to contributors (e.g., Party contributions, with developed countries taking the lead, subregional governments, the private sector, philanthropic organizations and others) in both a qualitative and a quantitative manner;
 - (iv) Through identifying quantitative and qualitative elements and sources that lead to a reduction of those sources which are GHG-intensive or non-resilient development;
- (b) What are ways to reflect the relationship between the NCQG and Article 2, particularly its paragraph 1(c), of the Paris Agreement as it relates to finance, in the outcome setting the NCQG, e.g.:

- (i) As part of the context of the NCQG (chapeau of the decision that sets the NCQG);
- (ii) Within/as part of the NCQG;
- (iii) As an outcome/aim of the NCQG (e.g. reiterating the Glasgow decision);
- (iv) Others?