

## **SUBMISSION BY COSTA RICA ON BEHALF OF THE AILAC GROUP OF COUNTRIES COMPOSED BY CHILE, COLOMBIA, COSTA RICA, HONDURAS, GUATEMALA, PANAMA, PARAGUAY AND PERU**

Following the invitation by Decision -/CMA.4, paragraph 12<sup>1</sup>, the AILAC group of countries welcomes the opportunity to provide views on the issues to be addressed as part of the workplan for 2023, including themes for the technical expert dialogues to be held this year, as requested to the co-chairs of the ad hoc work programme on the new collective quantified goal (NCQG) on climate finance in Decision -/CMA.4, paragraph 11 (a).

***Which topics should be covered in 2023, and in which order, to arrive at a more substantive outcome this year, particularly on recommendations for the various aspects of or options for the goal?***

In order to arrive at a more substantive outcome this year at COP28/CMA5, particularly on recommendations for the various aspects of or options for the goal, AILAC is of the view that the workplan for 2023 of the ad hoc work programme on the new collective quantified goal on climate finance should cover the following topics and in this order:

### *TED5: Scope of the NCQG*

This technical expert dialogue (TED), to be held in March 2023, should focus on the scope of the NCQG, and should discuss, *inter alia*:

- a) Principles of the NCQG
- b) Thematic areas (mitigation, adaptation, loss and damage)
- c) Temporality or time frame of the NCQG

### *TED6: Stakeholder engagement*

This technical expert dialogue, to be held in June 2023 in conjunction with SB58, should focus on stakeholder engagement based on the thematic areas, and should discuss, *inter alia*:

- a) Developed countries' public finance
- b) Development Financial Institutions
- c) Multilateral Development Banks (MDBs)
- d) Public sector

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<sup>1</sup> FCCC/PA/CMA/2022/L.19.

- e) Private sector

TED7: Quality of finance

This technical expert dialogue, to be held in September 2023, should focus on the quality of finance of the goal, and should discuss, *inter alia*:

- a) Concessionality and debt stress
- b) Composition of climate finance
- c) Financial impact and effectiveness

TED8: Financial instruments

This technical expert dialogue, to be held in November 2023 before COP28/CMA5, should focus on financial instruments that will conform the goal. Discussions should consider the need of instruments tailored for mitigation and adaptation climate finance, as well as financial support for addressing loss and damage response, while avoiding exacerbating the levels of indebtedness in developing countries.

***How could the proposed topics feed into the expected outcome for 2023 with a view to reaching an agreement on the new collective quantified goal on climate finance in 2024?***

In order to achieve substantive progress in 2023 on the deliberations on the new collective quantified goal on climate finance, as acknowledged in Decision -/CMA.4, para. 9<sup>2</sup>, the four technical expert dialogues held this year should focus on specific, concrete topics that will progressively move the discussions forward at the technical and political level.

In this regard, the topics and order proposed by AILAC for 2023 will progressively establish conceptual foundations for each subsequent TED to be held in 2023 and into 2024. As a result of the discussions, technical papers after each TED should capture substantial technical information, options and inputs for political deliberations. These papers shall enable Ministers participating in the High-Level Ministerial Dialogue, as well as the CMA to deliberate on it and use these inputs to progress on the definition of the different substantive aspects of the NCQG at COP28/CMA5. These technical papers should outline, where possible, the rationale for the different options that have been proposed at the technical level.

***What specific issues should be discussed, taking into consideration synergies between discussions on the new collective quantified goal on climate finance and related processes (e.g. the global stocktake, the global goal on adaptation, work on Article 2, para. 1 (c))?***

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<sup>2</sup> FCCC/PA/CMA/2022/L.19.

The topics and issues proposed by AILAC to be discussed in the technical expert dialogues in 2023 will be conducive to synergies between the ongoing discussions on the NCQG and other related processes, including the global stocktake, the global goal on adaptation, the work on Article 2, para. 1 (c), and the new funding arrangements to address loss and damage, among others.

Discussions shall be framed by the lessons learned from the USD 100 billion mobilization goal that has still not been met, in the context of Article 9 of the Paris Agreement, emphasizing the need for profound and radical changes to the global economic system in order to meet the long-term goals of the Paris Agreement, and which must be addressed in the context of the Global Stocktake and the work on Article 2, para. 1 (c).

By focusing the topics of each TED based on the needs and priorities of all developing countries by thematic areas, including mitigation, adaptation and loss and damage response, the discussions should be conducive to establishing synergies with the work on the Global Goal on Adaptation and the new funding arrangements with a focus on addressing loss and damage.

Following the invitation by Decision -/CMA.4, paragraph 11 (b)<sup>3</sup>, the AILAC group of countries welcomes the opportunity to provide views on each technical expert dialogue to be held, on the basis of guiding questions, specifically for the **fifth technical expert dialogue (TED5)** under the ad hoc work programme on the new collective quantified goal (NCQG) on climate finance.

***Which topic(s), subtopic(s) and specific issues are proposed for in-depth discussion at the fifth technical expert dialogue?***

AILAC is of the view that the TED5 should focus on the scope of the New Collective Quantified Goal (NCQG) on Climate Finance, as one of the elements to be considered under Decision 9/CMA.3, para.16, emphasizing *inter alia* on the principles, thematic areas and temporality. This dialogue should be an opportunity to provide more clarity on the foundations of the NCQG to ensure that it is guided and structured in a manner that takes into account the needs and priorities of all developing countries in the implementation of the Paris Agreement, as well as to consider its instrumental role in marshalling the trillions of US dollars in financing that is required from all sources to foster climate-compatible development pathways based on the latest available science.

AILAC's perspective emphasizes the need for profound and radical changes to the global economic system in order to meet the Paris Agreement's long-term goals. This transformation requires innovative thinking and new models of development that are climate-resilient and capable of driving and mainstreaming decarbonization. Developed countries have a responsibility to provide and lead the mobilization of finance to support developing countries in transitioning towards a low emission, resilient development. Such a transition is

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<sup>3</sup> FCCC/PA/CMA/2022/L.19.

on a scale and within a timeframe faster than any in human history, and, as such, requires plans and policies to, both, phase-out polluting sectors and create new jobs, industries, skills, and investments.

In-depth discussions on the **scope of the NCQG** during TED5 are therefore an important step for subsequent discussions, setting the groundwork for additional issues and processes, notably vis-à-vis COP28 negotiations, the Global Stocktake and the work on Article 2, para. 1(c), and can be divided into subtopics, including, *inter alia*:

- a) Principles;
- b) Thematic Areas;
- c) Temporality.

#### *Principles:*

AILAC is of the view that Parties should agree on a set of principles and guidelines that will inform the formulation and govern the implementation of the NCQG, among others, to enhance the comprehensiveness, effectiveness and adequacy of the new goal. At minimum this should encompass:

- a) NCQG is a **developed countries' commitment** for the provision of public funding and their leadership in mobilizing climate finance to developing countries;
- b) NCQG shall be **predictable** as well as **new and additional** to development finance, and humanitarian assistance;
- c) NCQG shall be set in the context of **Articles 4 and 11 of the Convention, and Article 9 of the Paris Agreement**;
- d) NCQG shall have a **quantum in trillions of USD per year**;
- e) NCQG shall **take into account the needs and priorities of all developing countries in the implementation of the Paris Agreement**, in the context of sustainable development, poverty eradication and just transition;
- f) NCQG shall be **legally binding, ambitious, quantified, trackable and science-based**;
- g) NCQG must contain **quantitative and qualitative elements** that are comprehensive and multidimensional;

#### *Thematic Areas*

The NCQG should be structured in **key thematic areas of climate action, i.e. sub-goals**, so that it becomes a results-oriented goal. These areas shall cover, at the bare minimum, the needs and priorities of developing countries for:

- a) Mitigation,
- b) Adaptation, and
- c) Loss and damage response

### *Temporality*

The NCQG must **contribute to accelerate the achievement of Article 2** through a perspective that matches the ambition of the long-term goals of the Paris Agreement, so that it, at least, has **quantified stepping-stones by 2030, 2040 and 2050**. Therefore, the NCQG must agree to **adequate amounts of finance that match developing countries' needs for adaptation, mitigation and loss and damage by 2030, 2040 and 2050 so that a 1.5°C-aligned just transition is enabled throughout the developing world**.

In this regard, TED5 should focus on core elements of the scope of the NCQG on climate finance, including the guiding principles that will permeate following discussions at the formulation and implementation stages, the structure of the goal in thematic areas (mitigation, adaptation and loss and damage response), and the temporality to meet the long-term goals enshrined in Article 2 of the Paris Agreement.

In conclusion, this dialogue should provide an opportunity to strengthen the understanding of the NCQG foundations so that it is set in a manner that helps developing countries to fulfill their commitments in accordance with their needs and priorities, as well as to “strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” as per mandated in Decision 14/CMA.1.

### ***What are the expected outcomes/outputs of the discussions?***

Considering that the proposed topic is the scope of the NCQG, AILAC considers that the discussion of principles and thematic areas would be useful to establish a common framework of understanding of the broader issues to be discussed and, at the same time, serve as conceptual foundations for subsequent TEDs. Furthermore, the discussion on scope should also take into consideration the discussions and results of previous TEDs.

As an **outcome**, TED5 should provide valuable inputs for a technical paper to be elaborated by the co-chairs that captures substantial technical information for political deliberations. This shall include technical and political options that address issues discussed during the dialogue, so to enable Ministers participating in the High-Level Ministerial Dialogue, as well as the CMA to deliberate on it and use these inputs to progress on the definition of the different substantive aspects of the NCQG at COP28.

This document should also include a summary of those points or elements on which there is consensus among experts, identifying the most controversial issues. It should also outline, where possible, the rationale for the different options that have been proposed. For example, with respect to the temporality and periodic reviews of the new target, the rationale for one or the other option should be made explicit.

The final objective goal is that through each TED it is possible to have documents that, in some way, capture the substantive progress of the discussions, avoiding repeating discussions on issues on which there is already a consensus among experts, or are more political in nature.

### ***What should be the format of the fifth technical expert dialogue?***

AILAC proposes the following modality for TED5:

- **Format:** TED5 should be held in a 3-day hybrid meeting (in person and virtual) to ensure an open, inclusive and transparent process that facilitates the participation of Parties, observers and specific experts.
- **Broader Participation:** The co-chairs should carry out a stakeholder engagement analysis prior to the TED that guarantees a broader participation of recognised external technical experts on the particular thematic focus of the TED who could contribute to the technical discussions and outcomes, as well as other stakeholders described in Decision -/CMA.4, paragraph 11 (c)<sup>4</sup>. The co-chairs would facilitate the participation of these selected experts.
- **Submissions:** Parties' and Observers' inputs submitted prior to TED5 should guide the questions and deliberations of the expert dialogue. The co-chairs shall provide Parties and Observers a set of clear, facilitative, comprehensible questions that will guide the discussions during TED5.
- **Work methodology:** TED5 should focus on technical work with a view to informing technical and political deliberations of the NCQG at COP28/CMA5. Technical work should be oriented towards those aspects where differences are significant. This approach would allow the process to find what is needed to reach an outcome in 2024. AILAC's suggestion is that participants should be divided into working groups to have focused exchanges with specific topics or elements that need further discussion and oriented by facilitative, comprehensible questions that allow reaching common grounds, identifying needs of further discussions and agreeing on technical recommendations.
- **Structure of TED5:** to address the above-mentioned technical work, TED5 could be structured as follow:

**PART 1: *Focused working groups.***

- *Day 1:* Co-chair's to facilitate a panel of experts on principles and temporality, followed by focused exchanges in working groups on principles of the NCQG and its temporality, based on the guiding questions elaborated by the co-chairs.
- *Day 2:* Co-chair's to facilitate a panel of experts on the key thematic areas of the NCQG, followed by focused exchanges in working groups on these thematic areas, based on the guiding questions elaborated by the co-chairs.

**PART 2: *Stocktaking.***

- *Day 3:* Co-chair's stocktake presentation of TED5 and summary of inputs for a technical paper, followed by a plenary discussion. The technical paper is to be

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<sup>4</sup> FCCC/PA/CMA/2022/L.19.

elaborated by the co-chairs in the weeks following TED5, providing concrete recommendations that will aim to give structure to the NCQG based on the technical deliberations.