

Submission by Senegal on behalf of the Least Developed Countries (LDCs) on the 2023 workplan of the ad hoc work programme of the New Collective Quantified Goal (NCQG)

The Least Developed Countries (LDCs) Group is pleased to submit its third submission on setting a New Collective Quantified Goal (NCQG) on climate finance and present its views on the 2023 NCQG ad hoc work programme workplan, in accordance with the invitation in paragraph 12 of decision X/CMA4, and the further requests presented by the co-chairs of the ad hoc work programme on the NCQG in their notification of 17 January 2023.

In their message to Parties (17 January 2023), the co-chairs of the NCQG ad hoc work programme suggested Parties to provide inputs on:

- 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;
- b) How the proposed topics could 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; and
- c) What specific issues should be discussed, taking into consideration synergies between discussions on the new collective quantified goal on climate finance and related processes.

The outcome of the 2023 ad hoc work programme

- i. The LDC Group stresses the need for substantive progress in the deliberations this year. The group welcomes the aim expressed by the co-chairs to have recommendations with options for the various aspects of the goal, including elements, ahead of COP28 and CMA5 (30 Nov-12 Dec 2023).
- ii. A CMA5 decision should provide clarity on the general structure of the goal and its main elements. The Technical Expert Dialogues (TEDs) in 2023 should deliver the necessary inputs to the CMA to facilitate this outcome.
- iii. The outputs of the TEDs should include recommendations and/or options that allow further technical and political discussions, identifying specific areas of divergence and convergence.
- iv. The LDC Group acknowledges the complexity of issues involved in NCQG deliberations. As all issues are intertwined, it is not always possible to focus each TED on a single topic. As discussions during 2022 were broad, without concrete progress, many topics will require further consideration in upcoming TEDs.
- v. Without prejudice to other issues that might be considered as the deliberations evolve, work under the ad hoc work programme in 2023 should address the following topics:
 - scope,
 - quality and access elements,
 - quantum, and
 - transparency arrangements.

These are necessary topics where progress is needed, and they should be the focus of TED 5, 6, 7 and 8, with concrete outcomes on each topic to feed into the CMA5 decision. The group proposes a possible way to structure discussions around these themes during 2023 as below:

TED 5: Scope of the NCQG

Further exchanges about the scope of the NCQG should facilitate through activities during 2023 defining the goal's structure and its elements.

Topics to consider as part of discussions about scope should include:

- **Quantitative and qualitative elements of the NCQG:** The mandate in decision 1/CP.21 is clear to indicate that the CMA shall set a new quantified finance goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries. Hence, the NCQG should at least be composed of a quantitative element. The decision from Glasgow reflected that deliberations of the NCQG should consider elements beyond quantity. In addition, during the 2022 TEDs many developing countries have expressed the urgency to consider and address needs related to qualitative features of climate finance, including on improving access and quality of climate finance. While determining the ambition on quantity of the new goal, the latest science and the needs of the developing countries must be taken into account.
- **Thematic areas of the NCQG:** To effectively define and implement the NCQG it will be key to promptly agree what climate actions will be addressed by the goal. Many Parties have stated that the new goal should reflect the needs and priorities of developing countries around thematic areas such as mitigation, adaptation and loss and damage. In addition, several Parties have supported the idea to have a **sub-goal/sub-target** for each thematic area either in the form of a share of the total quantitative figure or a concrete amount. LDCs are of the opinion that this must be clearly laid out in the new goal.
- **Timeframe:** The time horizon for setting and implementing the NCQG is still unclear and could be an element to consider as part of discussions around scope. Parties should engage in discussions on timeframe(s), identifying the different options, the value, and implications of each. Still, timeframe of the NCQG is one of the issues that will require to be discussed along with deliberations of other topics, for example the *quantum* of the NCQG and in alignment with the NDC cycles.

TED 6 focusing on quality considerations of the NCQG, including access.

Deliberations may consider the following issues, *with a view to find options on how they could be reflected in the design of the NCQG and/or the final decision text.*

- **Finance instruments:** Many developing parties, including LDCs, have stressed in previous TEDs the need to access financial instruments that are easy, less cumbersome and those that do not increase to their already high indebtedness, particularly for financing adaptation and loss and damage activities. Several Parties have noted that the new goal should consider an array of financial instruments, including new and innovative instruments such as debt swaps, payment for environmental services, blended finance, levies and taxes, special drawing rights, policy-based guarantees, etc. We consider important to discuss how to make best use of specific instruments to address different support needs.

- **Sources of finance:** It is the view of the group that developed countries should continue to lead in the climate finance mobilisation effort. This is the responsibility embedded in article 9.3 of the Paris Agreement. Discussions on this topic should acknowledge the difference between provided finance through public sources and private finance mobilised through public interventions and understand the role that each of these types of support could play in the design and implementation of the NCQG.

Parties should also have focused discussions to better understand the links and differences between article 9 (support provided and mobilised) with 2.1.c (shifting finance flows). The formal role of non-state actors to contribute to the NCQG should also be discussed and clarified; especially aspects pertaining to accountability. While many Parties have talked about a greater role for the private sector in the NCQG, it is not clear how contributions of these actors will be tracked and accounted for. It also remains unclear *how* to incentivise their financing to climate actions beyond mitigation projects. It would be important to explore these questions in more depth.

We consider that the discussion around sources of finance (and instruments) is closely linked to the discussion of scope and quantum of the NCQG. It will be necessary to also consider these issues as part of other themes of the NCQG and TED sessions.

- **Access:** The NCQG presents an opportunity to build on the lessons learned from the US\$ 100 billion and address barriers experienced by developing countries. TED deliberations this year should address how the NCQG process can promote enhanced, streamlined and simplified access, including concrete proposals to enhance access for the most vulnerable and capacity-constrained countries. The discourse can further build on the outcomes from the TED 4 to be more concrete, precise and clear on the process going forward.
- For the first time, COP27 has called on the shareholders of multilateral development banks and international financial institutions to reform multilateral development bank practices and priorities, align and scale up funding, ensure simplified access and mobilize climate finance from various sources. In this context, it is crucial to have a further focused discussion on how the MDBs can reform to support developing countries, especially the LDCs and SIDS, for more sustained climate action support.

TED7: approximations to the quantum of the NCQG.

- **The monetary amount of the new goal** is the core of the NCQG and will require a careful consideration. Identifying and understanding the needs and priorities of developing countries is the guiding pillar. Through TED deliberations we should aim to reflect those needs in a quantitative manner, agreeing on a figure based on a range or initial order of magnitude, or at least discuss the options for agree on a quantitative figure. This issue will likely be subject to continuing technical and political consideration until 2024, but it will be key to advance deliberations and capture progress on this issue during 2023.
- **Periodic review:** The need to periodically review the adequacy of the new goal at an appropriate intervals have also been proposed. Options for review and adjustment cycles must be discussed this year, with a view to capture initial proposals and continue deliberations on the matter in future TEDs. For instance, one of the ideas could be to align with the NDC cycles.

- **Timeframe:** Further discussions about the timeframe of the NCQG will be necessary to adequately set the amount to be provided and mobilised at one or several points in time throughout the implementation of the NCQG. This should be aligned with the periodic review.

TED 8: Transparency arrangements

- **Tracking of the implementation of the goal:** It is important to make progress in 2023 on the modalities of transparency arrangements to monitor and account for the implementation of the NCQG, including how to build on work achieved with the Enhanced Transparency Framework (ETF), finding ways to complement it and make it fit to capture elements of the NCQG. The learning can also be built on the implementation of USD 100 billion per year goal by 2025.

Relevant synergies and linkages between the work on the NCQG and other processes under the UNFCCC

The ad-hoc work programme on the NCQG should consider inputs from at least the following processes:

- *The Global Stocktake process in 2023*, overall relevant for the level of ambition of the NCQG and understanding of the needs of developing countries.
- *The process launched in COP27 to establish new funding arrangements for responding to Loss and Damage*, which acknowledges the urgent and immediate need for new, additional, predictable and adequate financial resources to assist developing countries in responding to loss and damage, relevant for discussions on scope and quantum.
- *Ongoing work of the SCF on definition of climate finance*, Biennial Assessment Report, Needs Assessment Report and relevant for discussions on scope, sources of finance and transparency of the NCQG.

The LDC Group consider that these are relevant processes that will make available useful inputs that should be taken into account by NCQG deliberations. Likewise, information from the NCQG process should feedback into these processes. It is important that these inform each other and are coordinated.