

Canada's submission on the 2023 workplan of the ad hoc work programme for the new collective quantified goal on climate finance and its fifth technical expert dialogue

February 2023

Canada is pleased to submit views on the 2023 workplan for the new collective quantified goal on climate finance, as well as topics to be addressed during the fifth technical expert dialogue (TED). We are looking forward to building on the deliberations undertaken last year, with a view to setting the new collective quantified goal in 2024, as outlined in decision [-CMA.4](#) and in the January 2023 message from the 2023 co-chairs of the ad hoc work programme.

Views on the 2023 workplan

Canada reiterates the ideas expressed in our 2022 submission on the new collective quantified goal with respect to inclusivity and openness, and notes that for the workplan to be successful, Party and non-Party stakeholders need to remain committed to the principles agreed to at CMA3. This includes fostering a respectful and inclusive deliberation process that is open and accessible to a wide variety of stakeholders and partners, including Indigenous Peoples, as well as respectful of human rights, the rights of Indigenous Peoples, and mindful of gender equality considerations. Specifically, Canada believes that in order to secure inclusive, just and equitable climate financing that is channeled directly to the appropriate recipients, the new collective quantified goal must be informed by the in-country perspectives of communities on the frontlines of climate change.

As deliberations on the new collective quantified goal move forward in 2023, it will be essential to draw on lessons learned and refine best practices from the four previous TEDs. This includes continuing to foster a collaborative environment at the dialogues through interactive discussions, the use of breakout groups and leveraging expert knowledge through panels where relevant. Canada encourages co-chairs to invite experts from outside the UNFCCC process where possible, and to draw on knowledge from development assistance, private finance, civil society, Indigenous Peoples, philanthropies and practitioners. Breakout groups should be used to discuss new topics through simple and clear questions, following expert panel discussions, and Canada recommends that co-chairs summarize the findings of each topic where possible, to help find trends in discussions. A short report synthesizing the findings of each TED in 2023 could also be useful. Canada proposes that a short amount of time be reserved at the end of each TED to identify questions for Ministers to discuss and ultimately provide guidance on during the high-level ministerial dialogue at CMA5.

Similarly, future high-level ministerial dialogues should also be structured in a way that encourages more interactive discussions between Ministers, including through breakout discussions on these questions. In this way, Ministers would receive the discussion topics in advance, and could discuss and provide guidance back to experts for the final four TEDs in 2024. Canada proposes that co-chairs summarize the Ministerial guidance in an outcome document. This would be in line with the spirit of the CMA3 decision text, which established a cyclical process where the TEDs and high-level dialogues would inform each other.

Without pre-judging the outcome at COP29 in 2024, deliberations on the new collective quantified goal in 2023 should yield progress on key issues. This will set the stage for

productive discussions at COP28 and enable progress required to reach an agreement in 2024, a target re-emphasized by the [CMA4 President](#).

As deliberations on the new collective quantified goal continue, it is important to be realistic about what the new goal can achieve. While the new goal offers the potential to re-imagine climate finance, including to emphasize outcomes rather than dollars spent, and ensure it better serves the dynamic needs of recipients, it will ultimately remain limited to a finance decision under the CMA. As such, all Parties must continue their adaptation and mitigation efforts domestically and internationally, and continue to advance the work in separate UNFCCC and Paris Agreement processes, such as the Global Goal on Adaptation and the Mitigation Work Programme, in order to more adequately and holistically address climate change.

Topics to be discussed as part of the 2023 workplan

Overarching guidance for TED sequencing

Canada recognizes the importance of initiating discussions that will lead to the definition of clear elements, both quantitative and qualitative, for the new collective quantified goal. Nevertheless, deliberations on a quantum, including on the potential definition of sub-targets, suitable timeframes and transparency arrangements, should be informed by the outcomes of a collective reflection on key substantive issues related to the design of the new collective quantified goal. This will help ensure that the features of the new collective quantified goal act as a catalyst for the effective provision of climate finance, in line with developing country needs and priorities. The 2023 workplan should enable progress on these issues. Challenges linked to the mobilization of climate finance in the context of the USD100 billion goal demonstrate that addressing substantive issues beyond the quantum is required for effectiveness and efficiency. The [Climate Finance Delivery Plan Progress Report](#), published by Canada and Germany in 2022, highlighted some of these challenges and opportunities, namely to increase adaptation finance, reduce barriers to access climate finance, improve our understanding of private finance mobilized, and work with MDBs to increase climate ambition. Canada is eager to tackle these topics through deliberations in 2023 and welcomes views from developing country Parties on the design of a post-2025 goal that effectively addresses their needs and priorities. To do so, Canada suggests discussing the topics outlined below, in the listed order.

Canada also recognizes the opportunity to leverage synergies between the new collective quantified goal process and deliberations on a new loss and damage funding arrangement. Indeed, the contributor base, innovative sources and instruments, as well as the implementation of Article 2.1c are topics relevant to loss and damage funding arrangements. As such, the Secretariat could consider organizing two of the four TEDs on the new collective quantified goal in conjunction with the two workshops on loss and damage, and on Article 2.1c, that were decided on at COP27/CMA5. In addition to minimizing the travel burden on participants and reducing the associated emissions from air travel, this approach would maximize the expert capacity of attendees, and coherence between the new collective quantified goal and other UNFCCC processes.

Topic 1: Broadened contributor base

The current contributor base must be updated to reflect current funding capacities and capabilities, and to enable the increased mobilization of public funds for climate finance. The list of UNFCCC Annex II Parties required to provide financial resources to developing countries

under the Convention, established in 1992, does not adequately capture the evolution of respective capabilities and breadth of available funding in 2023, nor how such capabilities will continue to evolve over the period of the new collective quantified goal. Canada believes that broadening the contributor base to include all high-income economies, excluding those that are highly vulnerable to climate change, such as Small Island Developing States (SIDS), reflects equity towards increasing the quantity of climate finance provided. Reflecting on the parameters of a dynamic and responsive contributor base is essential to maximize the provision of climate finance in the context of rapidly evolving climate vulnerabilities. This work can include drawing lessons from existing flows of climate finance originating beyond traditional contributors, for example through South-South cooperation. Similarly, discussions on adequately targeting the provision of climate finance to ensure that the most vulnerable receive support when needed, including when faced with acute vulnerability, could help enhance the effectiveness of the new goal.

Topic 2: Mobilizing resources beyond public funds: innovative sources and instruments

As we work to increase the provision of climate finance under the new collective quantified goal, public finance alone will not be sufficient to meet needs, notwithstanding a broadened and dynamic contributor base. More work needs to be done to leverage currently untapped or “undertapped” sources of climate finance, including by mobilizing private and other non-government finance more effectively. As such, we suggest building on the discussions of the third TED, with a specific focus on innovative sources and instruments of climate finance. This includes exploring opportunities for innovative partnerships, including with multilateral development banks (MDBs), to make use of their capacity to leverage private capital for climate action. Canada’s facilities designed to catalyze private funds through MDBs provide an example of such partnerships. More broadly, Canada is supportive of an updated vision for MDBs that is fit for purpose and can more effectively support climate action. Other types of public-private partnerships and collaboration with philanthropies must also be explored, particularly as philanthropies grow in size and importance as providers of climate finance, offer an important vehicle for climate justice-seeking private citizens and companies to provide climate finance, and yet have been largely excluded from the pre-2025 USD100 billion goal. In addition, further understanding of the importance and use of concessional instruments (i.e. grant, concessional loan, equity, guarantee, etc.) to catalyze private finance for climate action, will be important in designing a new goal. Sub-topics to explore include: the need for innovative concessional financing, such as the use of blended finance; the provision of expanded grant-based funding to limit increases to the debt burden of recipients, while crowding in the private sector; and strategies to unlock private finance for adaptation, specifically through further thinking on how to create a market for adaptation outcomes.

Topic 3: Aligning financial flows to the goals of the Paris Agreement (Article 2.1c)

Canada is of the view that Article 2.1c of the Paris Agreement, which aims to ensure that financial flows are consistent with a pathway towards low greenhouse gas emissions and climate-resilient development, needs to be included in the new collective quantified goal in order to ensure that collectively we meet the mitigation and adaptation goals of the Paris Agreement. This is in line with [9/CMA.3 decision](#) text emphasizing the need for the new collective quantified goal to accelerate the achievement of Article 2 of the Paris Agreement. Discussing action on the implementation of Article 2.1c in the context of the new collective quantified goal is also a key step in anchoring the deliberation process within the “global effort” outlined in Article 9.3 of the

Paris Agreement. As governments and private sector entities increase efforts to align financial flows to the goals of the Paris Agreement, mainstreaming progress on Article 2.1c as part of UNFCCC and Paris Agreement processes becomes increasingly important.

Topic 4: Effectiveness and design of the goal

The USD100 billion goal prioritizes dollars spent over greenhouse gas emissions reduced, number of communities and/or people with increased resilience, or other measures of impact. Discussions on ways to ensure the effectiveness of the new collective quantified goal and design of the goal must be prioritized in 2023. Challenges faced in mobilizing the USD100 billion climate finance goal provide a strong basis for learning. This includes shortcomings associated with a narrow focus on the quantum, which encouraged the fastest and largest disbursements, rather than the most effective, as well as the climate finance access issues explored during the fourth TED. More broadly, the design of the new goal can also be informed by lessons learned from the provision of development finance, including in terms of delivery mechanisms, accounting, predictability and transparency. Exploring strategies to enhance effectiveness through lessons learned should be weaved into discussions on the topics suggested above where possible, and one TED should focus on the overall design of the goal moving beyond the current approach.

Fifth technical expert dialogue

Canada proposes that the fifth TED, scheduled from 8-10 March 2023, focus on the issue of a broadened contributor base. Deliberations on the contributor base will increase clarity on the expected sources of public funding available for the new collective quantified goal, and will impact the quantum.

As outlined above, sub-topics of importance for this issue include:

- Strategies and criteria needed to shift from a fixed contributor base towards a more dynamic and responsive contributor base, in an effort to address the rapidly evolving impacts of climate change and associated vulnerabilities, including those specific to certain populations.
- Ensuring that the most vulnerable people and communities have access to finance and receive adequate support when needed, including for periods of acute vulnerability, and targeting the provision of climate finance towards those disproportionately affected by the adverse effects of climate change, including women and Indigenous Peoples.

Beyond providing insights for the criteria needed to build a dynamic and responsive contributor base in the later stages of deliberation on the new collective quantified goal, the outcomes of this discussion can inform subsequent dialogues on other qualitative and quantitative aspects of the goal, notably to set achievable and predictable funding expectations. This is specifically relevant to ensure productive discussions on the quantum, as realistic target setting requires an overview of the scope of available funding sources. A clearer view of the scope for a broadened contributor base will also help frame discussions on other suggested substantive topics, including on sources and instruments. Lastly, Canada acknowledges that, in response to the increasing burden placed on developing countries by climate change, increasing the provision of climate finance is required as we look to increasing need in the future. Discussing ways to broaden the contributor base will be an important step in that direction.

In terms of format, the fifth TED should encourage collaborative discussions by ensuring that traditional contributors and recipients, those who have previously been excluded from officially contributing and receiving, and implementers of climate finance, as well as other relevant experts can share their views. This includes enhancing accessibility through opportunities for virtual participation, as was done in 2022. Specifically, Canada supports the increased participation of Indigenous Peoples in such discussions, including through engagement with the Indigenous Peoples constituency and the Local Communities and Indigenous Peoples Platform.

Similarly, and to promote constructive exchanges on sub-topics of interest, thematic breakout groups should be organized throughout the dialogue. Canada also supports the increased involvement of experts, including in fields extending beyond the realm of climate finance, to inform discussions. For a discussion on the contributor base and mobilizing private and non-government capital, Parties may benefit from the expertise of development finance experts and representatives of major philanthropies that fund climate initiatives.

Canada looks forward to building on the efforts undertaken this past year to advance the deliberations on the new collective quantified goal under the leadership of 2023 new co-chairs of the ad hoc work programme.