



SUBMISSION BY SWEDEN AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

Stockholm, 10 May 2023

Subject: sixth Technical Expert Dialogue (TED6) under the ad hoc work programme on the New Collective Quantified Goal on Climate Finance (NCQG)

Mandate: [Decision /CMA.4](#) requests the co-chairs of the ad hoc work programme on the New Collective Quantified Goal on Climate Finance (NCQG) to invite Parties, operating entities of the Financial Mechanism, climate finance institutions, observer organizations and other stakeholders, particularly from the private sector, to submit inputs on each technical expert dialogue to be held to allow for those inputs to be reflected in the organization of the dialogues.

The co-chairs invited Parties and stakeholders to submit their views on the sixth Technical Expert Dialogue (TED6) by 10 May 2023 to share ideas on:

1. How the quantum of the NCQG should be set.
2. The mobilisation and provision of financial resources, including contributors, sources, and integration with Article 2, paragraph 1 (c) of the Paris Agreement.
3. What the format for this dialogue should be, noting that it will be shorter in duration compared to the fifth dialogue (TED5).

1. Process and principles to set the quantum

The European Union and its Member States believe that the NCQG must differ significantly in nature from previous climate finance goals, especially in terms of its content, structure, and transformational impact, to be fit for purpose.

Thus, the NCQG cannot simply be reduced to a single figure. To reflect the lessons learned from the annual USD 100 billion goal, the quantum needs to be based on common principles, developed through an informed, transparent and inclusive process, and consider multiple different dimensions (e.g. quantity, quality, scope, access features, sources of funding, transparency arrangements).

Principle 1: the NCQG should reflect a global effort, with developed country Parties continuing to take the lead in mobilising climate finance from all sources – public and private, international and domestic

According to [decision 14/CMA.1](#) and [decision 9/CMA.3](#), the deliberations on setting the NCQG are in accordance with Article 9, paragraph 3 of the Paris Agreement. This means that the NCQG should include mobilising climate finance from a wide variety of sources, instruments, and channels, through a variety of actions, including supporting country-driven strategies, and take into account the needs and priorities of developing country Parties.

The EU and its Member States recognise the provision of public finance as a core component of the NCQG and reaffirm our commitment to collectively provide financial resources to assist developing country Parties, especially the most vulnerable countries and communities, with respect to both mitigation and adaptation, together with other provider countries.

The establishment of a quantum will ultimately be a political decision, concluding the ad hoc work programme in 2024. However, we believe that the NCQG cannot be set in isolation in the same manner as the 100 billion goal; on the contrary, it needs to be set in the context of the evolving nature of both climate vulnerability and economic capabilities of Parties, public actors, and private actors.

The EU and its Member States want to emphasise that, according to the decisions cited above, the NCQG should *take into account* the needs and priorities of developing country Parties, not be *based on* in terms of covering all needs and priorities – these are two distinct and separate considerations. Furthermore, it is also economically unrealistic to expect the new goal to cover all needs and priorities, considering the evolving and highly diverse nature of the needs of developing countries.

The EU and its Members States argue that the quantum should reflect the need to set principles for a global effort to mobilise climate finance from various sources, including public and private, domestic and international sources. This global effort also requires the development of more innovative and adapted tools to enhance the mobilisation of financial flows. Additionally, contributions from high-emitting activities to this global effort should also be questioned based on principles of solidarity, and respective economic abilities and responsibilities of both public and private actors.

Principle 2: The quantum is necessarily a part of a global package that will be defined at COP29

In decision 9/CMA.3, Parties agreed that the ad hoc work programme on setting the NCQG will conclude in 2024, and that deliberations will be cyclical in nature, with technical discussions informing political deliberations and political deliberations providing guidance to the technical work to be conducted.

TED5 showed how the multiple dimensions of the NCQG are interconnected and should form an overarching package to take into account the lessons of the past and arrive at a realistic, legitimate and climate responsive NCQG.

This is why the EU and its Member States believe that the quantum should be defined as a part of a global package, responding to the multiple dimensions which the NCQG needs to consider, but can only partly address, and that it must not, in any event, be prejudged at COP28.

2. Quantum will differ depending on the sources and time frame of the goal

By decision 1/CP.21, para. 53, Parties decided that the NCQG should be set from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.

As mentioned above, we consider the multiple dimensions of the NCQG to be interconnected and we believe that they should form an overarching package, taking into account the lessons from the past, to arrive at a realistic, legitimate, climate responsive and fit for purpose NCQG.

The structure of the NCQG, including contributors, sources, instruments, and the time frame, will be instrumental in defining the quantum. As reflected in our submission of October 2022¹, the European Union and its Members States are of the view that the structure of the new goal should be set in the context of effectively accelerating the achievement of Article 2 of the Paris Agreement, reaching maximum impact, and providing a transparent process and consistent implementation channels aimed at

¹ https://unfccc.int/sites/default/files/resource/CZ-2022-10-31%20EU%20submission%20on%20the%20NCQG_to%20WPIEI.pdf

meaningful mitigation and adaptation actions. In particular, the NCQG should be part of the implementation of Article 2.1(c) of the Paris Agreement, which ultimately could be considered the most ambitious climate finance goal.

2.1 Articulation between the provision and the mobilization and the timeframe

Considerations on the quantum are also closely related to the envisaged time frame of the goal. Indeed, the discussions at TED5 showed that the new goal could be set according to several time frames, with a medium-term time frame reflecting the immediate investments and climate actions to engage in during this critical decade and a more aspirational time frame corresponding to the global mobilisation and alignment of all financial flows with the objectives of climate neutrality and resilience.

Thus, as stated above, the European Union and its Member States consider that the quantum is intimately linked to the multiple dimensions that the new goal must take into account, and therefore cannot be prejudged before these have been the subject of extensive deliberations, both at the political and at the technical level.

2.2 Articulation between the quantum and the sources of the provision and mobilisation

Mobilisation of climate finance as a global effort requires multiple sources, instruments, and contributions from public and private actors, both international and domestic, according to their respective responsibilities and capabilities

The European Union and its Member States reaffirm our commitment to take the lead on the global effort of mobilisation of climate finance under Article 9.3 of the Paris Agreement, focusing especially on the most vulnerable countries and communities. In this regard, we stress the core component of provision of public finance as the innermost layer of the NCQG.

However, in contrast to the provision of finance, mobilisation of climate finance from various sources, including public and private, domestic and international, is a global effort, in which the developed countries will continue to take the lead, but where domestic action in all countries is needed, e.g. through the integration of climate into national budget and planning processes, and measures to ensure an attractive investment climate. This global effort should be reflected in the new goal, based on solidarity, responsibility, and ability of actors to contribute according to the principles of common but differentiated responsibility, but also respective capabilities, acknowledging the dynamic nature of these capabilities.

Articulation between the NCQG and Article 2, paragraph 1(c) of the Paris Agreement is key to mobilise financial flows at scale

According to IPCC AR6 Synthesis Report, there is sufficient global capital worldwide to close the global investment gaps in both adaptation and mitigation to achieve a low greenhouse gas emissions and climate-resilient development and a just transition for all, both domestically and internationally.

However, economic, financial, and political barriers still exist and burden the redirection of global capital flows to climate action.

Moving from billions to trillions requires a transformational approach to how we mobilise climate financial flows, which is the aim of Article 2, paragraph 1(c) of the Paris Agreement.

The European Union and its Member States stress that the potential impact of the NCQG would be much greater if it addresses these barriers to redirect capital to climate action.

Assembling the layers of the multifaceted NCQG, the European Union and its Member States envision that the NCQG will reflect qualitative and quantitative aspects of Article 2, paragraph 1(c) of the Paris

Agreement.

3. Format of TED6 under the ad hoc work programme on the NCQG

As reflected in our submission of February 2023², the European Union and its Member States invite the co-chairs to promote more innovative, open, and inclusive discussions on the NCQG by facilitating broader, inclusive, and more diverse participation through the following actions:

- Encouraging participation of representatives of finance ministries, non-state actors, multilateral development banks, private sector, financial sector, civil society, youth, indigenous peoples, academia, and external technical experts, with special consideration to gender and the most vulnerable and less represented groups.
- Ensuring that speakers, facilitators, and moderators that are invited for these roles are new and different compared to the five previous TEDs.
- Ensuring gender balance in the speakers, facilitators, and moderators, by adopting the No Women no Panel policy, which is also the UN approach. The EU cannot take part in any meeting where this principle is not respected (the co-chairs of the NCQG work programme are not included).
- Reporting on the discussions held during the TEDs by sharing a summary of the different views expressed and presenting guidance on the way forward, including possible options and programs for the next TED.

Recalling the cyclical nature of the deliberations on the NCQG, we would like to recall that technical dialogues in 2023, including TED6, must not prejudge the final agreement, which should be taken at the political level at COP29 in 2024. Considering the importance of the NCQG, the discussions should remain flexible and open to all suggestions and innovative ideas until we reach the final agreement.

4. Conclusions

To conclude, the EU and its Member States would like to share some considerations and principles regarding the quantum of the NCQG:

- The quantum must consider the multiple dimensions of the goal, including time frames, structure, sources, qualitative elements, and therefore be part of a global package to be decided at COP29.
- The EU and its Member States recognise their responsibility in providing assistance to the most vulnerable developing countries as a core layer of the new goal, and their leading role in the global effort in the mobilisation of climate financial flows, both international and domestic, public and private.
- The quantum needs to reflect changed economic realities, historic and current responsibilities, and global solidarity.
- The potential impact of the NCQG would be much larger if structured with layers which operationalise core elements of Article 2, paragraph 1(c) of the Paris Agreement.

² https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202302061016---SE-2023-02-06%20EU%20submission_NCQG_WP_230131.pdf