

## **Canada's Submission on the Seventh Technical Expert Dialogue under the Ad-hoc Work Programme for the New Collective Quantified Goal on Climate Finance**

Canada is pleased to submit views on the topics to be addressed during the seventh technical expert dialogue (TED7) under the ad-hoc work programme for the New Collective Quantified Goal (NCQG) on climate finance. As requested by the co-chairs, this submission outlines views on specific issues to be discussed pertaining to both the qualitative scope of the goal and its transparency arrangements, as well as views on the format of TED7. We are grateful for the work of the co-chairs in advancing deliberations on the NCQG in 2023 and look forward to continue building on previous discussions at TED7.

### **Views on the qualitative scope of the goal**

Discussions on options to establish a quantum during the sixth technical expert dialogue (TED6) emphasized the need for further reflection on qualitative features of the goal. While establishing a quantum is an integral part of deliberations on the NCQG, focusing on qualitative elements is crucial as we seek to establish an impactful goal, designed to effectively address climate change. The NCQG offers an opportunity to reflect on the effectiveness of climate finance, leveraging lessons learned from the delivery of finance under the USD100 billion goal to improve on key qualitative issues, such as improved access, broadened engagement and impact for dollars spent.

As re-emphasized during TED6, the NCQG must be informed by needs—ensuring effectiveness in the context of rapidly growing needs warrants reflecting on qualitative elements to enable further ambition while grounding the goal in pragmatism. In line with this, Canada suggests the following elements be discussed at TED7:

- **Impact of climate finance:** Ensuring that climate finance generates impact is central to effectiveness. Building on lessons learned from the delivery of climate finance under the USD100 billion goal, discussing tangible options to assess the impact of climate finance will play an important role in moving beyond dollars spent. From a technical standpoint, this implies taking stock of the tools at our disposal to assess progress in terms of both mitigation and adaptation outcomes, as well as reflecting on appropriate ways to leverage findings on impact to improve practices throughout the lifespan of the goal. This includes assessing challenges linked to the timely disbursement of climate finance, as scaled up funding implies a need for increased capacity from key delivery partners within the climate finance architecture. Lastly, discussions on impact tie into issues pertaining to transparency arrangements.
- **NCQG in the context of the current climate finance architecture:** Setting a new goal that prioritizes effectiveness requires identifying the scope for value added, taking into account opportunities to leverage the climate finance architecture to ensure that each dollar's impact is maximized. Deliberations on the NCQG also offer a valuable opportunity to take stock of the parameters defining the current climate finance architecture and to explore potential improvements to established practices, for example by reflecting on the complementarity between climate finance flows and Official Development Assistance (ODA).

- **NCQG sources and recipients:** Enabling increased effectiveness requires better leveraging all sources at our disposal through a multilayered goal. Canada recognizes that public finance provision, as outlined in Article 9 of the Paris Agreement, plays a key role in supporting developing countries' climate action and remains an effective tool, namely where grant-based funding is needed to support the most vulnerable. In line with this, broadening the contributor base to better reflect the current landscape is vital in designing a goal that is responsive to modern challenges, particularly as we seek to leverage the full breadth of available public funding at the core of the NCQG. As more countries are formally recognized for their international contributions to climate finance, their domestic contributions should also be counted. In particular, domestic contributions to the people and communities on the frontlines of climate change, including Indigenous Peoples, must also factor into the NCQG to ensure a more comprehensive and inclusive goal.

Beyond this, thinking about ways to better leverage non-Party stakeholders, such as International Financial Institutions (IFIs), philanthropies and the private sector, for innovative funding solutions complementary to public finance is key. Lastly, it is our view that to be truly effective in addressing the root causes of climate change, the NCQG must also be transformative, ultimately aiming to support climate-resilient development. This implies assessing ways to integrate the alignment of financial flows, domestic and international, with the objectives of the Paris Agreement as part of a multilayered structure.

- **Broadened engagement:** While expanding the sources at our disposal is central to improving effectiveness, broadening the engagement of actors beyond their role as funding providers is also vital to ensuring that climate finance is delivered where and how it will be most effective. Discussions on ways to intensify the involvement of local actors, particularly within climate finance governance and decision-making structures, will enable a better understanding of opportunities to harness for effective delivery. This is particularly relevant on the issue of enabling environments, which play a fundamental role in nurturing increased ambition. In the context of a multilayered goal, reflecting on the interaction between various local actors, including private sector stakeholders, is necessary as they represent key partners in aligning financial flows with low-carbon, climate-resilient development pathways.
- **Improved access:** Canada views improving access to climate finance as a vital step in designing a more effective, impact-based climate finance goal. Broadening the engagement of local actors in governance processes is closely linked to improving access, as a bottom-up approach will enable a deeper understanding of the barriers faced by recipients, including in terms of capacity. Building on discussions at previous TEDs, reflecting on ways to facilitate access through initial features of the NCQG presents an opportunity to ensure we set the stage for enhanced effectiveness. In line with the idea outlined above, discussions could include assessing ongoing efforts to maximize coherence within the broader climate finance architecture to identify how these dynamics can be best leveraged in the context of the goal.

## **Views on transparency arrangements**

Ensuring maximum transparency is key to tracking progress and identifying areas for improvement, as well as improving accountability related to the delivery of climate finance. Canada views the implementation of robust and comprehensive transparency arrangements as an integral part of making climate finance more effective.

Reflecting on ways to best leverage existing processes to enable transparency under the NCQG is a necessary first step. This includes leveraging lessons learned from biennial communications from Parties under Article 9.5 thus far. Looking ahead to the first Biennial Transparency Report (BTR1) exercise, TED7 should provide a space to discuss how the NCQG will fit into Common Tabular Format (CTF) reporting, particularly with regard to new reporting elements, such as CTF tables on climate finance needs. Thinking on ways to best leverage climate finance reporting by external stakeholders, such as the Organization for Economic Cooperation and Development (OECD), to limit duplication, facilitate streamlined processes where possible and improve accountability should also occur proactively.

As we look to better leverage non-Party stakeholders, including on financial flow alignment in the context of a multilayered goal, we must also discuss the implications of their involvement with regard to transparency. Finding ways to enable accountability related to the participation of these actors as climate finance providers, while also ensuring that processes in place allow for capturing the full breadth of their efforts, is key.

Lastly, ensuring that transparency arrangements for the NCQG enable learning from the onset is of vital importance to designing an impactful and effective goal. While this includes working to optimize processes linked to collecting information on amounts of climate finance delivered and mobilized, reflections on potential ways to assess the impact of climate finance, for example through outcome monitoring, should be explored. Recognizing that this implies a reporting burden for climate finance recipients, discussions on capacity-building support should also take place.

## **Views on the format of TED7**

In terms of format, TED7 should encourage constructive discussions by ensuring that all relevant actors, including Party representatives, implementers of climate finance, non-Party actors and other relevant experts can share their views in a collaborative and inclusive environment. Providing options for virtual participation, as done previously, promotes increased accessibility and broader engagement. Specifically, Canada supports the increased participation of Indigenous Peoples in such discussions, including through engagement with the International Indigenous Peoples Forum on Climate Change and the Facilitative Working Group of the Local Communities and Indigenous Peoples Platform. In addition, Canada enthusiastically welcomes efforts made by the co-chairs to promote gender-balanced discussions during TED6 and encourage a similar approach be implemented for TED7.

In line with previously established practices, the provision of detailed discussion questions in advance of TED7, as well as the use of thematic breakout groups and plenary discussions will continue to support valuable dialogue. As we look to the upcoming High-level Ministerial Dialogue (HLMD) to be held at COP28, a plenary discussion on the HLMD during which co-chairs could provide an update on thinking related to the HLMD thus far and identify areas where further guidance from Parties is needed would be helpful.

To enable productive exchanges on a multilayered goal, Canada would welcome efforts by the co-chairs to consider more interactive ways to increase non-Party stakeholder participation in discussions, particularly private sector actors and IFIs, including as part of breakout groups. This is particularly relevant for TED7, as we look to discuss better leveraging all tools and sources, as well as related transparency processes.