



NEW ZEALAND

Submission on the output of the first Global Stocktake September 2023

Background

1. New Zealand welcomes the opportunity to detail what is necessary as an output of the first Global Stocktake (GST).
2. Article 14 of the Paris Agreement sets out the two functions of the GST:
 - Taking stock of implementation, to assess collective progress towards achieving the purpose and long-term goals of the Agreement; and
 - Informing Parties' actions, support and collaboration.
3. The best available science, as set-out by the Intergovernmental Panel on Climate Change, and the taking stock (information collection, preparation and assessment) done under the GST to date presents an unequivocal reality. Parties are not on track to achieve the purpose and goals of the Paris Agreement. While positive action is occurring, more needs to be done - rapidly.
4. The ultimate success of the GST, and Parties collectively, will be measured by the effectiveness of the course correction Parties now undertake. The real question at COP28 is how will Parties adequately strengthen the global response to the threat of climate change?
5. This submission is structured in two main parts:
 - **Section A: A successful outcome** – describes New Zealand's vision for the GST outcome;
 - **Section B: Elements** – sets out the elements for inclusion in the GST outcome.

Section A: A successful outcome - strengthening the global response to the threat of climate change

6. The principle output of the GST must be actions that adequately strengthen the global response to the threat of climate change. 'Actions', as used in this submission, should be interpreted broadly – e.g. including 'action', 'support', and 'collaboration' as envisioned in Article 14.3.
7. The information collection, preparation and technical assessment phases of the GST, as well as the work of the IPCC, present a robust and comprehensive evidence base. We know where we are, with the evidence showing the need for urgent course correction across the Agreement. The salient, and currently unaddressed, question is: how will we course correct? Or, in other words: **how will we strengthen the global response to the threat of climate change sufficiently to meet our goals?** The best available science shows:

- Limiting the temperature rise to 1.5 degrees is critical to limiting climate change impacts, ensuring adaptation is feasible, and limiting loss and damage; and
 - Every increment of warming causes interacting, compounding and cascading risks that are more complex and difficult to manage.
8. As such, the GST output must strengthen the global response to climate change across the board. New Zealand wants a GST outcome that ensures Parties are meeting their Paris Agreement goals. Success would mean:
- **Warming is limited to 1.5 degrees** (resulting in less climate impacts).
 - **Strengthened resilience and reduced vulnerability to climate change** (in the context of the Paris Agreement temperature goal).
 - **Financial flows** (from international and domestic, public and private sources) **are consistent with low emissions and climate resilient development.**
 - **Enhanced mobilisation of support for climate action** (including greater, and improved, access to climate finance).
 - **Limiting the occurrence and scale of loss and damage – and addressing the loss and damage that will, and is occurring.**
9. To be effective in driving course correction, the GST output must have ambition and be implemented. All functional elements of the outcome should contain the following components: 1) political will and ambition; 2) follow-through; and 3) accountability. The Enhanced Transparency Framework is an existing vehicle for transparency and mutual accountability that may need to be supplemented.
10. New Zealand emphasises the role of the IPCC in providing the most robust and comprehensive assessment of climate science to date. Science is dealt with throughout this submission.
11. New Zealand emphasises that ‘equity’ means fairness. New Zealand rejects equating ‘equity’ with bifurcation. Equity is multidimensional and operationalised throughout the Agreement. An important element of equity is all Parties contributing their highest ambition. Another is Parties contributing according to their respective capabilities and in light of their national circumstances. Different countries have different capabilities to contribute, which have changed over time. Current and historical emissions, national wealth, and a range of other factors have changed, and are continuing to change. Bifurcation based on thirty-year-old lists does not reflect the contemporary reality of where emissions are coming from, or respective capabilities to contribute. To successfully course correct, Parties must build on and strengthen the Paris Agreement - including its values of solidarity, ambition, continuous improvement, bounded flexibility, and each country contributing the maximum according to its capabilities.
12. New Zealand emphasises that the global energy system must rapidly transition from fossil fuels to zero-emissions energy – in a timeframe that ensures the 1.5 degree limit is not breached. New Zealand recalls the levels of emissions reduction shown in 1.5 aligned IPCC pathways, and that projected emissions from fossil fuels exceed the carbon budget for 1.5 degrees. New Zealand

recognises that the global energy transition will not happen overnight. Some industries will take longer to move to zero emissions than others and require new technologies to be deployed. Nonetheless, Parties must send an unequivocal signal, aligned with science, around the direction of travel for the global energy system as a whole.

13. New Zealand recognises the critical interlinkage between nature, biodiversity and combatting climate change. Action to protect and restore nature can deliver mitigation, adaptation and resilience. In turn it is critical that climate action fosters positive - and avoids negative - impacts on biodiversity and ecosystems.
14. New Zealand emphasises the critical role of food systems in achieving the goals of the Paris Agreement. To limit warming to 1.5 degrees Celsius and deliver food security for all, Parties must work collaboratively to rapidly reduce emissions from agriculture and build climate resilience in their food systems.
15. New Zealand emphasises that human rights, including the rights of Indigenous Peoples, the rights of persons with disabilities, gender equality and women's empowerment are cross cutting concerns for climate action, including the GST outcome. These rights should inform consideration, and operationalisation, of the GST outcome. We also need to actively recognise and empower the contributions of Indigenous Peoples, as kaitiaki (stewards) of biodiversity, in the implementation of nature-based solutions.

Section B: Elements

16. Elements are organised in the following annexes.
 - Annex 1 – annotates the indicative draft structure. This structure is of (limited) use for organising the GST output. At this juncture New Zealand is focused on content (with the structure providing a tool for organisation). Annex 1 shows the type of elements New Zealand would include in various sections.
 - Annex 2 – elements on mitigation
 - Annex 3 – elements on adaptation
 - Annex 4 – elements on aligning financial flows with low emissions and climate resilient development
 - Annex 5 – elements on means of implementation
 - Annex 6 – elements on loss and damage
17. New Zealand notes interlinkages between the GST outcome and a variety of other work streams. New Zealand considers that many of the decisions to be taken at COP28 will provide substantial input into the GST outcome. This includes the Global Goal on Adaptation, the loss and damage fund and funding arrangements, Santiago Network, and just transition work programme. Placeholders in the Annex reflect this expected input from work being progressed elsewhere in the UN Climate Change System.

Next steps

18. Ahead of the October workshop, New Zealand welcomes bilateral discussions on the elements in this submission, as well as high ambition proposals from others.

Annex 1: Annotated illustrative draft structure

Annotated illustrative draft structure	
Title	<ul style="list-style-type: none"> – The title must clearly identify the below as the output of the first GST
A. Preamble	<ul style="list-style-type: none"> – New Zealand does not see a need for an elaborate preamble. Simply recalling Article 14.3 of the Paris Agreement (which details the function of the output) would suffice.
B. Context and cross-cutting considerations	<ul style="list-style-type: none"> – New Zealand does not see a need for an elaborate section on context and cross-cutting considerations. Simply recalling the Intergovernmental Panel on Climate Change’s Sixth Assessment report, and the GST’s technical assessment and information collection & preparation phases would suffice.
C. Collective progress towards achieving the purpose and long-term goals of the Paris Agreement, including under Article 2, paragraph 1 (a-c), in the light of equity and the best available science, and informing Parties in updating and enhancing, in a nationally determined manner, action and support <i>and international cooperation</i>	<ul style="list-style-type: none"> – This section will comprise the vast bulk of the GST output. – This section should primarily focus on what Parties will now do to strengthen the global response to climate change. – In this section Parties will use the full range of available tools to drive action – e.g. political commitments, legal requirements, accountability mechanisms, guidance, support, and cooperation.
<ul style="list-style-type: none"> – C.1 Mitigation 	<ul style="list-style-type: none"> – Where are we? – Actions to limit warming to 1.5 degrees.
<ul style="list-style-type: none"> – C.2 Adaptation 	<ul style="list-style-type: none"> – Where are we? – Actions to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development, including enhancing adaptive capacity and reducing vulnerability.
<ul style="list-style-type: none"> – C.3 Making finance flows consistent with a pathway towards low greenhouse gas emissions and 	<ul style="list-style-type: none"> – Where are we? – Actions to make finance flows consistent with low emissions and climate resilient development.

climate resilient development	
– C.4 Means of implementation	<ul style="list-style-type: none"> – Where are we? – Actions relating to means of implementation.
– C.5 Efforts related to loss and damage	<ul style="list-style-type: none"> – Where are we? – Actions to avert, minimise and address loss and damage
– C.6 Efforts related to response measures	<ul style="list-style-type: none"> – There is no Paris Agreement goal related to ‘minimising the impacts of response measures’. It does not have similar relevance in the GST output to actions to strengthen the global response to climate change. – New Zealand notes that multiple agenda items and constituted bodies on response measures exist (while also noting that none exist regarding two of the principles goals of the Agreement i.e. limiting warming to 1.5 degrees, or Article 2.1c). – New Zealand sees no need to extend the mandate of the GST to encompass these existing response measures processes.
D. Enhancing international cooperation for climate action	<ul style="list-style-type: none"> – New Zealand does not see the need for a standalone section on international cooperation – there is no distinction between these and the other types of actions listed in Article 14.3. Actions on international cooperation should be included in section C.
E. Guidance and way forward	<ul style="list-style-type: none"> – New Zealand does not see the need for a standalone section on guidance or the way forward. Provision of guidance is one type of action that could be taken in section C. Similarly, actions in section C are the ‘way forward’ (i.e. what Parties will do to strengthen the global response to climate change).

Annex 2

C.1 Elements regarding mitigation	
Where are we?	The GST shows Parties are not on track to limit warming to 1.5 degrees. While progress has been made – there is a mitigation ambition and implementation gap.
What outcome is needed?	<p>Warming is limited to 1.5 degrees (resulting in less climate impacts).</p> <p>Strengthening the global response to climate change requires addressing the causes of climate change. The GST must result in actions and follow-through that ‘sums-up’ to limiting warming to 1.5 degrees.</p>
Actions to contribute to this outcome	
Using the best available science	<p>Since the signing of the Paris Agreement we have greater scientific understanding about 1.5 degree aligned pathways, and the link between every increment of warming, impacts, the feasibility of adaptation, and loss and damage.</p> <p>The GST outcome must include elements that make the scientific understanding of limiting warming to 1.5 degrees central to our global response.</p> <p>The following sub-elements would strengthen Parties use of the best available science:</p> <ul style="list-style-type: none"> <i>i. Reinforce the pre-eminence of the IPCC as providing the most robust and comprehensive assessment of climate science to date.</i> <i>ii. Reinforce the quantitative milestones set out in IPCC pathways aligned with limiting warming to 1.5 degrees, with zero or limited overshoot, such as peaking by 2025, 2030 etc.</i> <i>iii. Reinforce that the impacts of climate change will be much lower at 1.5 degrees compared with higher levels of warming</i> <i>iv. Reinforce that every increment of warming leads to greater climate impacts, adaptation becoming less feasible, and loss and damage increasing.</i>
Strengthening accountability for mitigation within the UN Climate Change system	Since the signing of the Paris Agreement we have gained greater knowledge of the urgency of action. Actions this decade will determine whether warming is limited to 1.5 (or even 2) degrees. This is the only GST with sufficient time to act to course correct pre-2030.

	<p>Despite this urgent need, once the GST concludes there is no space within the UN Climate Change system to consider our collective progress and actions towards the 1.5 degrees goal.</p> <p>Given the rapid response needed, the GST outcome must include elements that allow for greater collaboration and scrutiny within the UN Climate Change system.</p> <p>The GST outcome should include the following sub-elements to strengthen accountability for mitigation within the UN Climate Change system:</p> <ul style="list-style-type: none"> <i>i. Establish an agenda item on limiting warming to 1.5 degrees.</i> <i>ii. Annually update the synthesis report on NDCs by the Secretariat.</i> <i>iii. Require annual publication by the Secretariat of 1.5 degree emissions budgets, alongside compiled time series information on all Parties' emissions estimates and projections (including the emissions impact of Article 6 cooperation). This should draw on information provided under the Enhanced Transparency Framework and note where data is not available.</i> <i>iv. Require the above reports to be prepared well in advance of the COP and Ministerial roundtable on pre-2030 action.</i>
<p>Aligning Nationally Determined Contributions with limiting warming to 1.5 degrees</p>	<p>We now know more about the levels of emissions reduction that are necessary to limit warming to 1.5 degrees. Collective NDCs are not 1.5 degree aligned. The GST outcome must include elements that require action to align NDCs with 1.5 degree pathways.</p> <p>The following sub-elements would lead to greater alignment of NDCs with the goal of limiting warming to 1.5 degrees:</p> <ul style="list-style-type: none"> <i>i. Reinforce the commitment to align NDCs with the goal of limiting the global temperature increase to 1.5 degrees.</i> <i>ii. Call for Parties that have not done so, and in particular large emitters, to strengthen their pre-2031 NDCs and consider 1.5 degree aligned pathways as set out in AR6.</i> <i>iii. Require that post-2030 NDCs are for the period 2031-35.</i> <i>iv. Require all Parties to set their 2031-2035 NDCs in keeping with the 1.5 degree aligned pathways as set out in AR6.</i> <i>v. Call for Parties to reconsider their NDCs, in light of updated science, when new Assessment Reports are published by the IPCC.</i>

	<p><i>vi. Establish guidance / best practice on assessing 1.5 degree alignment.</i></p>
<p>Managing every tonne of emissions</p>	<p>We know the 1.5 degree aligned emissions budget is extremely constrained, and now have more certain estimates of the size of this budget. Every tonne matters.</p> <p>Recognising the encouragement in the 2015 Paris Agreement to move towards economy-wide targets, and that 16 years will have passed by 2031, the GST output should include elements that encourage NDCs to be economy-wide emissions reduction (or limitation) targets.</p> <p>Similarly, Parties should be encouraged to consider how to reduce emissions that are not captured in their national greenhouse gas inventories.</p> <p>Sub-elements that would contribute to managing every tonne of emissions include:</p> <ul style="list-style-type: none"> <i>i. Require 2031-35 NDCs to be absolute emissions reduction (or limitation) targets, covering all sectors and gases.</i> <i>ii. Request all these elements with respect to pre-2031 NDCs.</i> <i>iii. Encourage Parties to also consider how they may reduce emissions related to their activities, but which sit outside their national inventories (e.g. through participation in measures relating to international aviation and shipping, or emissions associated with consumption).</i>
<p>International carbon market cooperation to reduce emissions</p>	<p>Modelling shows increased cost effectiveness, and correspondingly greater mitigation impact at the same cost, if Article 6 cooperation is used to target resources at high integrity, scalable opportunities to reduce emissions.</p> <p>We know that currently only a limited number of countries are looking beyond their borders to ensure they are contributing the greatest volume of mitigation to global efforts (i.e. few countries have signalled they will fund emissions reductions via Article 6).</p> <p>Parties have now settled the requirements of Article 6 transfers. A key element here is understanding the relationship between a particular emissions reduction activity and the host country's NDC. Clarity on the host country's aspirations for itself and for potential Article 6 cooperation is a key enabler for partner-led approaches and carbon finance flows.</p>

	<p>Sub-elements that would encourage increased Article 6 cooperation include:</p> <ul style="list-style-type: none"> <i>i. Encourage all Parties to consider how they can use Article 6 cooperation to enhance the volume of mitigation they deliver to global efforts to reduce emissions.</i> <i>ii. Encourage countries that are including conditional elements in their NDC to signal what sectors/gases/activities they might consider as potential opportunities for international cooperation under Article 6.</i>
<p>Sector and gas specific measures</p> <p><i>Fossil fuels, energy, transport</i></p>	<p>Sectoral and gas specific measures are needed. AR6 shows that feasible, effective, and low cost options for mitigation are available; these must be taken up. The below is a non-exhaustive list of sector and gas specific elements that should be included in the GST outcome.</p> <p>The global energy system must rapidly transition from fossil fuels to zero-emissions energy – in a <u>timeframe that ensures the 1.5 degree limit is not breached</u>.</p> <p>New Zealand recalls the levels of emissions reduction shown in 1.5 aligned IPCC pathways, and that projected emissions from fossil fuels exceed the carbon budget for 1.5 degrees.</p> <p>New Zealand recognises that the global energy transition will not happen overnight. Some industries will take longer to move to zero emissions than others and require new technologies to be deployed. Nonetheless, Parties must send an unequivocal signal, aligned with science, around the direction of travel for the global energy system as a whole.</p> <p>New Zealand also emphasises that abatement is not synonymous with zero-emissions. Abatement technologies may have some use during the transition to zero emissions energy systems, but blanket usage of ‘abatement’ would allow continued fossil fuel expansion and continued emissions (without transition). This is unacceptable when contrasted with the need to reduce global emissions by 43% by 2030.</p> <p>Sub-elements that would contribute to a zero-emissions energy sector include:</p> <ul style="list-style-type: none"> <i>i. Global phase-out of the production and usage of fossil fuels, in a manner that ensures the 1.5 degree limit is not breached.</i>

- ii. *Global and rapid increase of the proportion of energy coming from renewable sources, and continuing improvements in energy efficiency to reduce demand.*

Agriculture: Food systems make up approximately one-third of global emissions. We must reduce emissions while improving global food security and reliant livelihoods, which are increasingly threatened by the impacts of climate change.

Food systems are also the primary driver of deforestation and biodiversity loss globally. Improving food systems is one of the most important actions we can take for mitigation, food security, healthy forests, and biodiversity.

To achieve the goals of the Paris Agreement, Parties must collaborate to reduce emissions and build more climate resilient food systems. Together we must increase investment in innovation, and scale-up existing best practices. This means increasing international finance for climate-smart agriculture (agri-food systems receive less than 5% of global climate finance), and removing domestic support for environmentally harmful practices (currently estimated at around USD500 billion per year).

Trade must play a critical role in securing food security for all in a low-emissions, climate resilient future. New Zealand encourages Parties to take collaborative action towards cohesive and responsible global supply chains for agricultural products that support circumstance-appropriate climate action, food security, biodiversity, and livelihoods.

Forests and biodiversity: Forests and other land uses can provide up to 30% of the global abatement needed to limit warming to 1.5°C or 2°C. However, most of the world's forests are at risk of loss and degradation from climate change, placing significant carbon sinks in jeopardy. Several of the world's largest forests are now net emitters of CO₂, a trend exacerbated by, but not limited to, the impact of catastrophic fires.

New Zealand recognises the critical role forests play as carbon sinks, for climate resilience, biodiversity, and social and cultural values. We also recognise the importance of a thriving and responsible forestry and wood processing sector for decarbonising the global economy. New Zealand accordingly supports

strengthened multilateral and multi-sectoral collaboration to improve the forestry sector and address forest issues, including to implement the Glasgow Leaders' Declaration on Forests and Land-use.

Sub-elements that would contribute to progress on biodiversity and in the agricultural and land sectors include

- i. Promote raising ambition to reduce emissions from agriculture and build climate resilient food systems, including within NDCs.*
- ii. Encourage increased cooperation and support for research, development, innovation, and implementation of low emissions agriculture approaches, including through existing avenues such as the Global Research Alliance on Agricultural Greenhouse Gases, locally-appropriate programmes, and climate finance.*
- iii. Encourage reorienting support away from price- and trade-distorting and environmentally harmful agriculture practices, and towards climate-smart and sustainable agriculture practices.*
- iv. Encourage cooperation to build sustainable food systems that are outcomes-focused, recognising that Parties should undertake circumstance-appropriate action to mitigate their agricultural emissions and build resilience to support food security. To avoid duplication, this cooperation should be channelled through existing initiatives like Aim for Climate and the Food and Agriculture Sustainable Transformation Initiative.*
- v. Halt and reverse deforestation, and move to net afforestation/reforestation by 2030. Encourage increased action to implement and achieve the Glasgow Leaders' Declaration on Forests and Land-use by 2030.*
- vi. Encourage increased cooperation on sustainable forest management, including to promote trade in forest products harvested in accordance with national laws, sustainable supply chains, and growing the forest bioeconomy.*
- vii. Halt and reverse natural ecosystem loss by 2030, including by:*
 - Halting and reversing deforestation by 2030, and restoring and protecting natural ecosystems.*

<p><i>Other greenhouse gases</i></p>	<ul style="list-style-type: none"> – <i>Promoting, designing and adopting integrated approaches that harmonise and promote synergies between competing land-uses.</i> <p>viii. <i>Recognize and value the role that native ecosystems can play in mitigation, and make this contribution clear in transparency and accounting frameworks.</i></p> <p>There is a strong focus on carbon dioxide in the global climate response. Other gases are also significant contributors.</p> <p>Approximately 150 countries are members of the global methane pledge, which aims to reduce methane emissions globally, in line with 1.5 degree pathways.</p> <p>Approximately 150 countries have ratified the Kigali Amendment to the Montreal Protocol which aims to reduce HFC emissions.</p> <p>Sub-elements that would encourage increased action on non-CO₂ gases include:</p> <ul style="list-style-type: none"> i. <i>Encourage all Parties to participate in efforts to reduce methane emissions globally, in line with 1.5 degree pathways.</i> ii. <i>Encourage all Parties to join / ratify the Kigali Amendment to the Montreal Protocol.</i>
<p>Just transition</p>	<p>New Zealand considers that a just transition relates to impacts on people, fairness, and the momentum of a transition. New Zealand considers that issues of equity between Parties are principally addressed through implementation of the Agreement (e.g. the Agreement is applicable to all, with differentiation and flexibility where needed). The unique value-add of UN Climate Change work on just transition is its focus on the people, workers, and communities affected by the transition. The scope of this work is currently under negotiation.</p> <p>In terms of actions that Parties will now take, New Zealand would see a:</p> <ul style="list-style-type: none"> i. <i>'PLACEHOLDER: to be informed by, and complementary to, the outcome of the Just Transition Work Programme.'</i>
<p>Policy making – the impacts of climate change and the climate change response</p>	<p>As stated earlier, New Zealand does not see the need for a stand-alone section on the impact of response measures. New Zealand considers that good policymaking requires consideration of both the negative and positive impacts of a proposed course of action (for example, that climate action advances sustainable</p>

	<p>development goals). Focusing only on negative impacts would present a skewed perspective.</p> <p>Similarly, New Zealand considers that the impact of response measures should be considered in relation to the status quo, such as the overwhelmingly negative impacts of contributing to warming in excess of 1.5 degrees.</p> <p>Sub-elements that would encourage greater visibility of these issues are:</p> <ul style="list-style-type: none"> <i>i. Encourage Parties to consider the negative impacts of climate change (i.e. the status quo), when considering the impact of response measures.</i>
Linkage with 2.1c	New Zealand sees a strong link between mitigation and aligning financial flows with mitigation action. This is dealt with in the section on 2.1c.
Linkage with means of implementation	New Zealand sees a strong link between mitigation and the provision of support to developing country Parties. This is dealt with in the section on means of implementation.

Annex 3

C.2 Elements regarding adaptation	
Where are we?	<p>The GST shows that the impact of climate change threatens all countries, communities and people around the world, and that increased adaptation action is urgently needed to reduce and respond to increasing impacts.</p> <p>There is increasing ambition in plans and commitments for adaptation action and support, but this is fragmented and varies between regions.</p> <p>Science shows that climate impacts are more severe at lower temperatures than previously thought. Every increment of a degree of warming is significant for climate change impacts and the feasibility of adaptation.</p>
What outcome is needed?	<p>Strengthened resilience and reduced vulnerability to climate change (in the context of the Paris Agreement temperature goal).</p> <p>New Zealand sees this being delivered through greater national action and international cooperation consistent with the scale of action needed to adapt to 1.5 / 2 degrees.</p>
Actions to contribute to this outcome	
The Global Goal on Adaptation	<p>New Zealand acknowledges the significant work underway in relation to the Global Goal on Adaptation (GGA). This work is scheduled for delivery at COP28.</p> <p>New Zealand also acknowledges the link between the GGA and future GSTs.</p> <p>New Zealand sees the GGA as providing a significant input to the GST output. However, the GGA output is not yet ready. As such New Zealand sees a need for a:</p> <ul style="list-style-type: none"> i. <i>'PLACEHOLDER: to be informed by, and complementary to, the outcome of the GGA.'</i> <p>Notwithstanding this necessary placeholder, New Zealand considers that the GST outcome should include the following elements.</p>
Adaptation planning	<p>New Zealand would see elements in relation to the adaptation policy cycle to include: <i>the role and localisation of information; risk assessment; national adaptation planning; and reporting on implementation.</i></p>

Local communities and Indigenous Peoples.	<p>The GST recognises that meaningful inclusion of local communities and Indigenous Peoples has a positive impact on adaptation action. Means of inclusion include consultation, engagement, partnership, co-design, and co-delivery.</p> <p>Indigenous / traditional and local knowledge can make valuable contributions to designing fit-for-purpose adaptation solutions. As kaitiaki (stewards) of knowledge, land and ecosystems, Indigenous Peoples can make a significant contribution to solutions, and they are highly vulnerable to climate change impacts.</p> <p>New Zealand would want to see elements in the GST output that:</p> <ul style="list-style-type: none"> <i>i. Encourage and centre consideration of local communities and Indigenous Peoples in adaptation.</i> <i>ii. Recognise the important role of local communities and Indigenous Peoples, in addition to Parties, in delivering locally-appropriate adaptation action.</i> <i>iii. Recognise the importance of free, prior and informed consent regarding adaptation action affecting Indigenous Peoples.</i>
Maladaptation	<p>Maladaptation locks communities into vulnerability and wastes resources. New Zealand would want to see elements from the GGA on avoiding maladaptation in the GST outcome, such as recognition of the importance of avoiding maladaptation, and proactive measures and practices to ensure maladaptive solutions are not chosen and implemented.</p>
Nature positive solutions	<p>Adaptation can foster positive impacts on biodiversity and nature. Conversely, it is important that adaptation action avoids negative impacts on biodiversity wherever possible.</p>
Linkage with 2.1c	<p>New Zealand sees a strong link between adaptation and aligning financial flows with climate resilient development. This is dealt with in the section on 2.1c.</p>
Linkage with means of implementation	<p>New Zealand sees a strong link between adaptation and the provision of support to developing country Parties. This is dealt with in the section on means of implementation.</p>

C.3 Elements regarding making financial flows consistent with low emissions and climate resilient development

Where are we?

The GST also shows that we are not on track to make financial flows (from international and domestic, public and private sources) consistent with a pathway towards low GHG emissions and climate resilient development. Course correction is needed to drive urgent action at scale, consistent with achieving the mitigation and adaptation goals of the Paris Agreement.

There is sufficient global capital to close the global investment gaps, but barriers to directing financial flows to climate action must be overcome. This will not be achieved overnight, nor at the same speed in all countries. However, this alignment is the apex goal against which to assess progress. Aligning financial flows is synonymous with unlocking the trillions of dollars needed to achieve the goals of the Paris Agreement.

Some progress has been made in recent years, such as financial institutions representing over US \$130 trillion in assets committing to net zero pathways under the Glasgow Financial Alliance for Net Zero (GFANZ), as well as emissions pricing being adopted in some jurisdictions. However, these steps do not go far enough, or fast enough.

Action within the UN Climate Change system can coordinate efforts, and help overcome uneven progress and the persistence of policies that pull in the opposite direction (such as fossil fuel subsidies).

What outcome is needed?

Financial flows (from international and domestic, public and private sources) **are consistent with low emissions and climate resilient development.**

All financial decisions contribute towards achieving this. Every dollar spent (from international and domestic, public and private sources) should contribute to (or at minimum be neutral regarding) the mitigation and adaptation goal of the Paris Agreement. Conversely, no dollar spent should contribute to high emissions or maladaptive development. This must also involve a significant increase in financial flows to developing countries.

Actions to contribute to this outcome

<p>Emissions pricing – i.e. internalising negative externalities</p>	<p>Emissions pricing allows the negative external costs of emissions to be felt by those producing them. Without internalising these negative externalities there is a market failure, in that decision makers do not experience the true cost of their actions, and can socialise these costs. This causes price, market and investment distortions.</p> <p>The uptake of emissions pricing is a critical element in aligning financial flows (public and private, domestic and international) with low emissions development.</p> <p>Emissions pricing can be applied across all sectors and gases. The GST outcome should include elements related to internalising externalities, for instance:</p> <ul style="list-style-type: none"> <i>i. Encourage pricing of all emissions.</i>
<p>Reforming, reducing and removing subsidies that are misaligned with low emissions and climate resilient development</p>	<p>We need to rapidly reduce emissions to limit warming to 1.5 degrees, and align financial flows with low emissions and climate resilient development. Yet, in this context and with a need for greater climate finance, collectively Parties are spending trillions subsidising emitting activities. This spend must be reoriented to align with low emissions and climate resilient development, and not pull against it.</p> <p>The GST outcome should include elements related to reorienting subsidies, for instance:</p> <ul style="list-style-type: none"> <i>i. Commitment to rapidly reform, reduce, and remove fossil fuel subsidies in line with limiting warming to 1.5 degrees, and transitioning to zero emissions.</i> <i>ii. Encourage reorienting support away from price- and trade-distorting, and environmentally harmful, agriculture practices into climate-smart and sustainable agriculture practices.</i>
<p>Financing for nature positive solutions</p>	<p>The GST outcome should include elements related to internalising externalities, for instance:</p> <ul style="list-style-type: none"> <i>i. Encourage innovative incentive and financing approaches which can increase the global uptake of nature-positive actions, while ensuring environmental and social safeguards, and without compromising gross emission reductions.</i>
<p>Support the development of green finance ecosystems</p>	<p>To drive the course correction we need, it is critical that financial institutions adopt and deliver upon targets and commitments to align their portfolios with limiting global warming to 1.5 degrees.</p>

While progress has been made under platforms such as GFANZ, such action needs to expand further, sharpen its focus on implementation, and be better supported by policy frameworks.

A key step to enable better implementation is expanding systematic climate risk management by firms across the economy. This should take the form of disclosures, drawing on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Specifically, the GST should:

i. Encourage the disclosure of:

- *Physical and transition risks associated with climate change*
- *Greenhouse gas emissions, covering all scopes and gases*
- *Emissions reduction plans aligned with limiting global warming to 1.5 degrees*
- *Adaptation plans*

Effective disclosures creates the informational environment necessary for financial firms to deliver on climate-alignment targets and allocate their capital towards low emissions and climate resilient development.

A further step that can support implementation of commitments to align financial flows is the development of green finance products. Green bonds and sustainability-linked loans, for example, can help allocate capital to climate action.

Governments should encourage the use of these products through developing guidance for what is “green” such as taxonomies or principles, developing public-private forums for sharing information on green finance, and deploying public green finance instruments.

For all of these actions to develop green finance ecosystem, robust monitoring and enforcement of claims and commitments is critical to avoid greenwashing.

The GST outcome should include elements relating to promoting green finance ecosystems by expanding 1.5 degrees aligned finance commitments, embedding climate risk management and across the economy, and promoting green finance products.

	<p>Sub-elements that would further encourage these are:</p> <ul style="list-style-type: none"> <i>ii. Directing public finance institutions, and encourage private finance institutions to join GFANZ</i> <i>iii. Legislating for mandatory TCFD-aligned financial disclosures from major entities</i> <i>iv. Developing taxonomies or other guidance to support the development of green finance products</i> <i>v. Promoting public-private engagement to promote green finance, share experiences, and ensure regulations and policies are targeted effectively</i> <i>vi. Empowering a strong regulator to enforce the veracity of temperature alignment commitments, climate-related financial disclosures, and green finance products</i>
<p>Directing more financial flows to climate action in developing countries</p>	<p>Achieving global alignment with low emissions and climate resilient development necessitates a significant direction of finance towards climate action in developing countries.</p> <p>The critical challenge to overcome is the greater perceived and real risk associated with climate-aligned investments in developing countries.</p> <p>As one of the primary vehicles for providing and mobilising climate and development finance at scale, multilateral development banks (MDBs) have an important role to play. Ongoing ‘evolution’ work to strengthen MDBs’ contribution to driving financial flows to low emissions and climate resilient development must be supported and accelerated.</p> <p>Bilateral public finance must also play an important role to de-risk and mobilise private investment into developing countries for climate action – in addition to its major direct contribution as a means of implementation. Targeted international public investment can change risk profiles and help the alignment of climate flows both into and within developing countries.</p> <p>International public finance is also important to support capacity building and the development of enabling policy environments.</p> <p>The course correction required in these areas will also need to bring greater focus to climate resilience. Progress on this and supporting adaptation has been much less than efforts to align finance with low emissions and mitigation activities.</p>

	<p>The GST outcome should include elements relating to promoting MDB evolution, de-risking and mobilisation of private finance, and capacity building for enabling environments to help direct more financial flows to low emissions and climate resilient development in developing countries.</p> <p>Sub-elements that would further encourage these are:</p> <ul style="list-style-type: none"> <i>i. Encouraging MDB evolution to stretch MDB balance sheets to unlock additional capital without threatening AAA status</i> <i>ii. Encouraging MDB evolution to broaden MDB mandates to cover global public goods, including climate change</i> <i>iii. Encouraging MDB's to continue to enhance efforts to leverage private finance</i> <i>iv. Using international public finance to de-risk and mobilise private investment into climate action in developing countries</i> <i>v. Providing and funding capacity building for developing countries to develop enabling policy environments to attract and align financial flows with low emissions and climate resilient development</i>
<p>New Collective Quantified Goal on Climate Finance (NCQG)</p>	<p>The NCQG as the first finance goal under the Paris Agreement provides a critical opportunity to direct concerted action towards aligning financial flows with low emissions and climate resilient development.</p> <p>Points on the NCQG for the GST are addressed in Annex 4.</p>
<p>Strengthening action on financial flows within the UN Climate Change system</p>	<p>Financial flows that are consistent with low-emissions and climate-resilient development are critical for driving action at the scale and speed needed to achieve Parties' mitigation and adaptation goals. Yet, there is no clear, global signal from within the UN Climate Change system, commensurate with this need. Currently, neither the 2.1c goal nor its implementation are on the agenda.</p> <p>The GST outcome should ensure the strengthening of action on financial flows within the UN Climate Change system, including a CMA agenda item. This would focus on coordinating and promoting the extensive range of actions that need to be taken by a range of actors to successfully align financial flows with low emissions and climate resilient development.</p>

Clear signals would drive greater, coordinated action across the currently fragmented landscape of voluntary action by Parties, MDBs, financial institutions, and the private sector. A multilateral approach provides global reach, and can help to ensure discussion takes into account varied regional and development contexts as well as cross-border impacts.

Ongoing work by the Standing Committee on Finance (SCF) would support deliberations. Priority areas include mapping effective policies, understanding cross-border impacts, and tracking and monitoring progress towards alignment of financial flows with low greenhouse gas emissions and climate resilient development.

To ensure UNFCCC discussions and work under a CMA agenda item are effective, it will also be critical to support greater engagement between Parties and relevant non-Party stakeholders. This should happen both through greater engagement by the SCF and in the climate action zones at the COPs.

Sub-elements would include:

- i. Establish an agenda item on aligning financial flows with low emissions and climate resilient development, with a mandate to begin developing a work programme at COP 28*
- ii. Requesting the Standing Committee on Finance to continue work on the implementation of Article 2.1c, including a focus on tracking progress*
- iii. Establishing work programmes / communities of practice relating to best practice on aligning financial flows (and sub elements of this – such as carbon pricing, subsidies, financial disclosures). This should also include what lessons can be learned between mitigation and adaptation contexts.*

C.4 Elements regarding means of implementation	
Where are we?	<p>The GST shows rapidly scaling up the mobilisation of support for climate action is necessary to meet urgent needs. International public climate finance is a prime enabler of action.</p> <p>The \$100 billion climate finance goal was not met on time but is likely to be met in 2023, as climate finance provided and mobilised has steadily increased in recent years. However, provision and mobilisation of climate finance support is still falling short of what is required in both quantitative and qualitative terms.</p> <p>As shown in the SCF's 5th Biennial Assessment of Climate Finance Flows, more climate finance support has gone to mitigation rather than adaptation. Small countries, particularly SIDS, are also finding it challenging to access the climate finance support they need due to limited capacity and burdensome access procedures.</p> <p>Additional funding support is also required to help particularly vulnerable countries address loss and damage.</p>
What outcome is needed?	Enhanced mobilisation of support for climate action (including greater, and improved access to climate finance).
Actions to contribute to this outcome	
Delivering on the goal of providing and mobilising US \$100 billion in climate finance, in the context of meaningful mitigation action and transparency	<p>It is critical that the \$100 billion climate finance goal is met as soon as possible, and through to 2025, in the context of meaningful mitigation action and transparency.</p> <p>Developed countries must stay committed to the course charted in the Climate Finance Delivery Plan led by Canada and Germany. This includes delivering on commitments that should see the \$100 billion goal reached in 2023, and extra attention to improving the mobilisation of private finance and the quality and quantity of adaptation finance.</p> <p>To build confidence in this goal, it is also critical that all Parties work on the transparency of climate finance provided, received, and the associated action it enables. Reports produced by the OECD and SCF in 2023 should also provide greater confidence of climate finance being on track to meet the \$100 billion goal.</p> <p>The GST outcome should drive the commitment and action required to ensure the \$100 billion climate finance goal is met through to 2025.</p>

	<p>Sub-elements that would further encourage these are:</p> <ul style="list-style-type: none"> <i>i. Urging developed countries to at least double their collective provision of adaptation finance from 2019 levels by 2025 to help achieve a balance between mitigation and adaptation finance</i> <i>ii. Highlight the expectation that the \$100 billion climate finance goal will be met in 2023, noting the data to confirm this will be available in 2025</i> <i>iii. Noting the reports produced in 2023 by the OECD and SCF on adaptation finance and mobilising private finance</i> <i>iv. Calling on all Parties to use their first Biennial Transparency Reports in 2024 to enhance the transparency of climate finance provided, mobilised, received, and the associated climate action that it supports.</i>
<p>Improve access to finance</p>	<p>Course correction on climate finance will require concentrated efforts by both contributor and recipient countries to improve access to bilateral, private, and multilateral finance.</p> <p>Climate finance contributors should better coordinate to avoid duplicative activity and minimise burdens on recipient countries.</p> <p>For multilateral finance, all Parties need to engage with climate funds to continue simplifying access and disbursement procedures, and ensure they are appropriate for different national and regional contexts. Further work is also required on developing improved, multidimensional understandings of vulnerability to help enhance the targeting of climate finance.</p> <p>Recipient countries also need to, with capacity building and financial support, continue to build strong public financial management systems that facilitate improved access and management to climate finance.</p> <p>The GST outcome should drive renewed commitment and action by providers and recipients to improve access to climate finance.</p> <p>Sub-elements that would further encourage these are:</p> <ul style="list-style-type: none"> <i>i. Encouraging further simplification of access and disbursement procedures in multilateral climate funds, particularly for SIDS</i> <i>ii. Encouraging climate finance providers to be more partnered, including by investing behind national strategies and</i>

	<p><i>exploring higher-order modalities that give more flexibility to recipients and reduce transaction costs</i></p> <p><i>iii. Providing support to help developing countries improve public financial management systems and capacity to access and manage climate finance.</i></p>
Finance for addressing loss and damage	Discussed in the section on loss and damage.
New Collective Quantified Goal (NCQG)	<p>Parties will adopt the NCQG at COP29. This is a major opportunity to help deliver on the course correction required.</p> <p>The NCQG should help drive a step-change in progress towards the finance goals of the Paris Agreement. This includes both the provision and mobilisation of climate finance support and alignment of financial flows with low emissions and climate resilient development. There is a clear process underway to deliver this goal at COP29 - involving technical and political work streams. Negotiations on the NCQG at COP 28 should deliver a clear pathway to final agreement of the goal in COP 29.</p> <p>In this context, the GST output should include elements that reinforce the importance of the NCQG as an opportunity to deliver the course correction needed regarding finance, both as a means of implementation and a long-term goal as in Article 2.1c of the Paris Agreement. The GST outcome should therefore be closely aligned with the decision adopted at COP 28 on the NCQG. The output of this process is, however, not yet ready. As such New Zealand sees a need, for now, for a:</p> <p><i>i. 'PLACEHOLDER: to be informed by, and complementary to, the outcome of deliberations at COP28 on the NCQG, leading to adoption of the NCQG at COP29.</i></p>
Capacity building and technology transfer	New Zealand recognises that means of implementation is not restricted to climate finance, but includes capacity building and technology transfer. New Zealand is open to considering proposals on how the GST outcome can result in better technology transfer and capacity building (and hence better climate outcomes).

C.5 Elements regarding loss and damage	
Where are we?	<p>Loss and damage is occurring at current levels of warming. Limiting warming and adapting to climate change impacts will lessen loss and damage. However, loss and damage is already a reality.</p> <p>Recent decisions related to loss and damage within the UN Climate Change system, are advancing collective efforts to understand and address loss and damage. This must continue.</p>
What outcome is needed?	<p>Limiting the occurrence and scale of loss and damage. (Principally addressed in sections on mitigation and adaptation.)</p> <p>AND</p> <p>Addressing the loss and damage that will, and is occurring. (Principally addressed below).</p>
Actions to contribute to this outcome	
Recognition of the science	<p>Every increment of a degree of warming increases climate change impacts, and lessens the feasibility of adaptation. Correspondingly, every increment of a degree drives greater loss and damage; and loss and damage is occurring at current levels of warming.</p> <p>The GST outcome should include elements that:</p> <ol style="list-style-type: none"> <i>i. Recognise that limiting warming is the first line of defence in limiting loss and damage.</i> <i>ii. Recognise that adaptation reduces loss and damage.</i> <i>iii. Recognise that loss and damage is occurring at current levels of warming and recommit to averting, minimising, and addressing loss and damage.</i>
Recognition of existing loss and damage, and needs of those experiencing loss and damage now	<p>Loss and damage is a present day reality – especially in the Pacific. New Zealand welcomes the historic decision at COP27 on financing regarding loss and damage. New Zealand considers that the GST outcome should emphasise particular lessons from countries already faced with, and addressing loss and damage. Elements that should be included are:</p> <ol style="list-style-type: none"> <i>i. Recognition that loss and damage is already occurring.</i> <i>ii. Ensuring that responses address slow onset and non-economic loss and damage.</i> <i>iii. Design and delivery of the response that is fit-for-purpose, and responsive to the needs of particularly vulnerable countries, particularly SIDS and LDCs.</i>

<p>Fund and funding arrangements</p>	<p>COP28 will see decisions taken on the fund and funding arrangements regarding loss and damage. This will be a core part of Parties addressing loss and damage. The output of this process is, however, not yet ready. As such New Zealand sees a need, for now, for a:</p> <p><i>i. 'PLACEHOLDER: to be informed by, and complementary to, the outcome of negotiations on the fund and funding arrangements.'</i></p>
<p>Santiago Network and Warsaw International Mechanism</p>	<p>The WIM has made a valuable contribution to increasing understanding of current experiences of and approaches to loss and damage, particularly for non-economic and slow onset loss and damage.</p> <p>The GST outcome should include acknowledgement that operationalisation of the Santiago Network will play a complementary role to the loss and damage fund and funding arrangements, to catalyse the technical assistance needed for effectively addressing loss and damage.</p>