

SUBMISSION BY HONDURAS ON BEHALF OF THE AILAC GROUP OF COUNTRIES COMPOSED OF CHILE, COLOMBIA, COSTA RICA, GUATEMALA, HONDURAS, PANAMA, AND PERU.

Following the invitation by the co-chairs of the ad hoc work programme on the New Collective Quantified Goal on climate finance (NCQG), as requested in Decision 8/CMA.5, the AILAC group of countries welcomes the opportunity to submit views on the Workplan for 2024, taking into consideration that this will be a critical year in which technical discussions and deliberations for preparing the substantive framework for a draft negotiating text will pave the way for a decision in CMA6.

The NCQG will be critical to enhance ambition and accelerate the realization of Article 2 of the Paris Agreement, without compromising debt sustainability of developing countries, which means that it should be framed in a context that reinforces development, rather than pose a threat to it, and also safeguards economic stability and fosters sustainable development pathways. This is of particular relevance seeing that the goal is set at a time where developing countries are suffering the disproportionate impacts of climate change, bearing the increasing cost of adaptation and loss and damage while facing limited fiscal space and high costs of capital. Yet, these continue to demonstrate a firm commitment to actions to fulfill the Paris Agreement, reducing emissions to keep the 1.5 goal alive, adaptation measures, and actions to respond to loss and damage, as a matter of principle and responsibility.

Embedded in the spirit of the NCQG should be the sense of urgency and support to all developing countries, serving as a vehicle not only for course correction but also an incentive for much needed ambition. Within this context and scope of the NCQG, the AILAC group proposes the following working approach for 2024:

- ***How should the technical expert dialogues and the meetings under the ad hoc work programme be organized to bring together the elements of the NCQG and the options identified under each element, taking into account the linkages across each element and progress made in the previous meetings.***

TED9: Dissecting the NCQG in the road to COP29 - Building from progress and defining linkages of the Goal with other processes:

AILAC acknowledges the commendable progress achieved in the past years and underscores the importance of building upon this foundation in the upcoming TEDs and meetings of the ad hoc work programme (AHWP).

The landmark decisions adopted during COP28 represent a significant milestone, providing valuable guidance for shaping the direction of the NCQG, in particular the Global Stocktake (GST), the Global Goal on Adaptation and the Mitigation Work Programme. By harnessing this

synergy, we strive to create a framework that is not only fit for purpose, but also to maximize the effectiveness of the goal, increasing impact and advancing the implementation of the commitments outlined in Article 2 of the Paris Agreement. In TED9 we propose to delve into these relations from the lenses of thematic areas (mitigation, adaptation, loss and damage), so to ensure that the NCQG incorporates the relevant directions that these processes are providing, which can help inform the different elements of the goal and contribute to find areas of convergence based on previous decisions and how they fit in proposed timeframes.

First meeting under the ad hoc work programme (AHWP1):

As a result of the first meeting of the ad hoc work programme we would like to see outlined the commitments arising from the above mentioned workstreams that are relevant to the NCQG grouped in the different thematic areas and timeframes, to nurture previous discussions on the approaches to inform the goal through best available science and the needs and priorities of developing countries.

TED10: Thematic areas and financing mixes – A focused discussion on instruments, channels, and quality of finance within the NCQG

Once there is a general, collective and more consolidated vision of the structural elements of the NCQG, and the timeframe is contextualized according to the GST mandate, it is appropriate that TED10 should be aimed at defining the more substantive elements of the goal, such as instruments, channels, which will truly define the path of how the goal will be achieved, under the vision of the thematic areas (mitigation, adaptation and loss and damage).

The needs and priorities of developing countries for climate finance manifest different dynamics when addressing mitigation, adaptation, and loss and damage. In this regard, AILAC believes that continuing to focus the discussion on the structure of the NCQG into these three thematic areas of climate action could help increase the effectiveness and contribution to the goal by addressing current imbalances between them, allocating finance where most needed and tackling the evolving needs and priorities of developing countries among these areas.

The substantive elements of the NCQG, such as instruments, channels, and quality of finance, vary among thematic areas as the nature and destination of resources address different needs and priorities. A better balance between adaptation and mitigation is pursued, greater concessional resources are demanded for adaptation and loss and damage because of the high costs and risks involved. The public sector in developing countries faces the disparity of investing in urgent and necessary climate action or investing in development, while the private sector seeks to invest in competitive business models, particularly in mitigation actions.

Recognizing the disparity of funding demands in these thematic areas will allow a better understanding of how to define the substantive elements of the goal (which may differ by thematic area). For example, to identify which instruments and channels are most appropriate for countries to implement their National Adaptation Plans, Long Term Strategies or differentiate funding gaps between adaptation and mitigation that could illuminate the order

of magnitude of the quantum, understand the positive externalities of investing in each thematic area (e.g., investment in adaptation reduces future expenditures on loss and damage or investment in mitigation generates development in countries). This focused discussion would bring added value by allowing us to further comprehend the interrelationships between the elements of the goal and to ground the visions of the different Parties in concrete layers of discussion.

Second meeting under the ad hoc work programme (AHWP2):

We would expect here to advance in the substantive framework for a draft negotiating on the options for qualitative elements that will accompany each thematic area with a focus on instruments, channels, and quality of finance.

TED11: Quantitative elements and the forward-looking

This TED should be oriented to discuss the quantitative elements of the goal in light of the thematic areas (mitigation, adaptation and loss and damage), in order to set the quantum and identify political elements and divergences in technical elements that require solution. TED11 should address cross-cutting elements such as transparency, and identify whether changes in reporting models are required to make the monitoring of the goal more accurate and verifiable.

At this point it is also important to establish a forward-looking plan that indicates the actions that should be developed to achieve the different objectives and goals established in the NCQG.

Third meeting under the ad hoc work programme (AHWP3):

This meeting may require a longer time to group the packages of options discussed so far, under the clustering method, in order to consolidate the draft negotiating text for consideration by the CMA6.

- b. How should progress be captured between the technical expert dialogues and the meetings under the ad hoc work programme and from one meeting to the next with a view to developing the substantive framework for a draft negotiating text by CMA 6.**

Although the TEDs and the meetings under the ad hoc work program will be closely related, AILAC understands that these are two different spaces for deliberation. The deliberations of the TEDs should technically analyze each of the elements of the NCQG, integrating the needs and priorities of developing countries, results of scientific evidence, analyzing the interlinkages between the different processes under the UNFCCC and the Paris Agreement. The meetings of the AHWP, aiming at providing a framework document, should lead a party-driven process more focused on producing a decision text. We also suggest sending

Submissions prior to each TED to guide the technical discussion.

TEDs and the meetings should ensure the active participation of all Parties and stakeholders and conducted in hybrid format and webcasted to facilitate inclusive participation and transparency.

The duration of the dialogues and expert meetings should allow some flexibility to respond to the stage of the process. In this regard, we envisage that for the first session, more time can be devoted to the technical expert dialogue, while moving towards the development of the draft substantive negotiating text, which we expect to be the focus of the later sessions.

In order to achieve an appropriate outcome at CMA6, AILAC believes that the back-to-back meetings could be conducive to elaborate decision packages organized by clusters, analyzing the options elaborated in previous TEDs according to feasibility, measurability and coherence with the scope and structure of the NCQG and the GST mandate.

c. How can the high-level ministerial dialogue be best used to facilitate reaching an agreement on the NCQG at CMA 6, when it should be convened and in what format.

AILAC welcomes the engagement of the high-level ministerial dialogue and considers that further refinements to the methodology are needed based on the experience of previous years. We also consider that the HLMD should ensure the inclusive participation of all Parties, which is critical for the credibility of the process. We therefore suggest holding virtual ministerial consultations throughout the year.

Additionally, high-level events such as the UN General Assembly could provide a valuable space to receive political guidance. Ministerial engagements should complement but not replace discussions at the technical level and clear considerations on the relation with technical deliberations should be made clear for all Parties in advance.