

## **Saudi Arabia on behalf of the Arab Group**

### **Submission on the 2023 workplan for the Ad Hoc Work Programme of the New Collective Quantified Goal on Climate Finance (NCQG)**

#### **Introduction:**

This year will be a critical year for the technical discussions on the NCQG as Parties enter into negotiations at CMA5. Substantive progress this year on priority elements of the goal defined in previous decisions is necessary to enable Parties to reach consensus on all elements by CMA6. The Arab Group looks forward to achieving more progress relative to previous discussions and proposes approaches on the way forward for the Ad Hoc Work Programme in 2023 and beyond. The Arab Group echoes the recent decision in CMA4 that acknowledged “the need to significantly strengthen the ad hoc work programme on the new collective quantified goal on climate finance in the light of the urgency of scaling up climate action with a view to achieving meaningful outcomes from the deliberations on all elements and setting the new collective quantified goal in 2024 taking into account the needs and priorities of developing countries.”

To make progress, certain foundational elements, such as differentiation and the obligations of developed countries, must be in place to frame discussions. All discussions within finance must proceed in line with provisions and principles that are enshrined in the Convention and its Paris Agreement, such provisions and principles should not be called into question or opened for discussion. The obligations and responsibilities outlined in Article 9 of the Paris Agreement and Article 2, paragraph 2, of the Paris Agreement shall frame discussions. The Arab Group aims to move forward and achieve progress, to do so we need to build on the common ground that the global community collectively established.

The Arab Group echoes the recent decision on the NCQG from CMA4 in acknowledging “that deliberations on the new collective quantified goal on climate finance should build on lessons learned from the goal of developed countries of mobilizing jointly USD 100 billion per year by 2020... taking into account the needs and priorities of developing countries.” The USD 100 billion per year goal was set using a top-down approach, with no clear accounting for the needs and priorities of developing countries and without clear transparency on progress toward the goal. The new collective quantified goal, which is the continuation of developed countries’ goal to jointly mobilize USD 100 billion to developing countries, should leverage these lessons learned, among others, to create a recurring process that allows Parties to regularly determine the quantity based on the needs and priorities of developing countries and allow for the necessary transparency arrangements that provides assurance to developing countries that will allow for higher ambition in climate action.

#### **Objectives and Principles:**

First, the objective of the NCQG is to contribute to the acceleration of the achievement of the goals of the Paris Agreement outlined in article 2, paragraph 1, of the Paris Agreement in the context of article 2, paragraph 2, of the Paris Agreement. As such the principles of equity and common but differentiated responsibilities and respective capabilities, in light of different national circumstances must guide discussions at all levels within the NCQG deliberations. The NCQG discussions shall lie within the parameters set in place in Article 9 of the Paris Agreement, recognizing that Article 9 defines the nature of financial support in relation to the Agreement.

Second, a quantity cannot be set without a common understanding of the timeframe of the goal.

Third, the quantity shall be determined based on the needs and priorities of developing countries using a bottom-up approach. The process to determine the quantity shall be recurring, setting a methodology and mechanism in place to repeatedly assess the needs of developing countries in a recurring manner to define future finance-related goals.

Fourth, a mechanism and methodology to determine the quantity should be put in place to enable future determinations of the quantity in a recurring manner.

Fifth, given the urgent need for climate action, deliberations on the quantity must leverage the Needs Determination Report issued by the Standing Committee on finance. While some view the need to improve the quality of data provided in relation to estimations of costs, it must be recognized that the world cannot wait until the data quality is perfect before moving on to climate priorities. In that vein, and in line with article 4, paragraph 5, of the Paris Agreement, it must be recognized that support determines ambition in developing countries. Furthermore, with enhanced support, the quality of data will improve in future iterations. As such the precautionary principle must frame discussions on quantity, as it formed the basis of climate discussions decades ago.

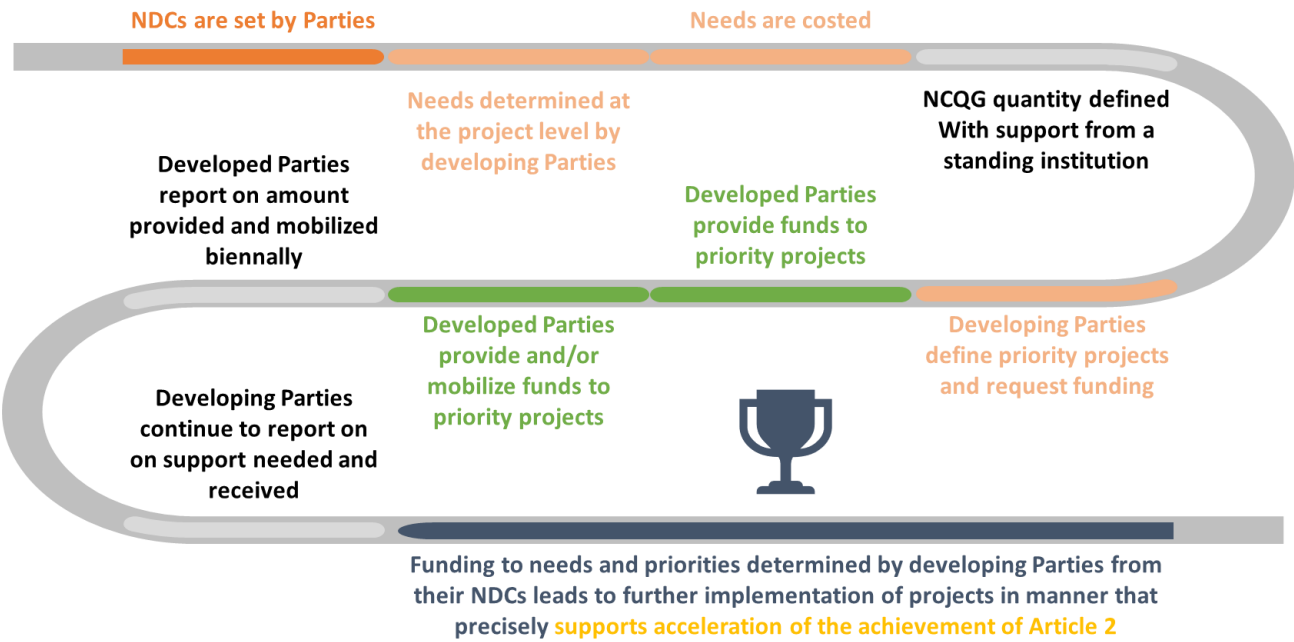


Figure 1: Illustration of the recurring process of the NCQG

*Which topics should be covered in 2023, and in which order, to arrive at a more substantive outcome this year, particularly on recommendations for the various aspects of the goal;*

**Proposed workplan:**

- **To ensure that discussions achieve progress, a given topic of a TED should carry over to the next TED if it is determined by the co-chairs, based on input from participants, that further inputs are needed.**
- **To ensure quality discussions, all 2-3 days of a TED must focus only on the topic at hand and avoid entering non-related discussions, unless a topic is carried over, at which point multiple topics may be considered within a TED.**

*TED 5 – Discussion on the timeframe*

A quantity cannot be set without a common understanding of the timeframe, to adequately define and cost the needs and priorities of developing countries within that timeframe. The timeframe should be long enough to allow developing countries to adequately leverage resources to plan and implement projects in the medium term, and short enough to allow for the goal to accurately reflect the needs of developing countries. Learning from the USD 100 billion goal, the quantity of the goal was several orders of magnitude below the value needed to cover costs associated with the needs and priorities of developing by 2020. Based on the above and considerations on information available on needs and priorities of developing countries (NDR report), the Arab Group proposes the timeframe of 2025-2030.

*TED 6 – Methodology to determine the quantity (quantity, scope)*

Before setting a quantity or ranges for the quantity, a common understanding is needed on the methodology to determine the quantity in order to ensure that such methodology is employed in future iterations of the goal past 2025. Creating this shared understanding at the technical level will allow for more progress on discussions on the quantity moving forward. Furthermore, the methodology employed should be based on national climate action plans (NDCs, NAPs, LTSs etc.,).

*TED 7 – Defining ranges for the quantity (quantity)*

Once a methodology is set for how to determine the quantity, technical estimations on the quantity of the goal drawing from the Needs Determination Report issued by the Standing Committee on Finance shall be developed, that may be considered by Parties in their deliberations in CMA5.

*TED 8 – Defining transparency arrangements for the goal (transparency arrangements)*

Learning from the USD 100 billion goal, differing accounting methodologies and transparency issues have led to decreased trust and led to uncertainty within developing countries on progress on the goal. Until today, there is no common view on the progress on the USD 100 billion goal, with competing estimations issued by different organizations (e.g., OECD vs OxFam). Given that the Enhanced Transparency Framework will be operationalized with Biennial Transparency Reports due at the end of 2024, ahead of the launch of the new goal, such arrangements should be leveraged to increase transparency.

***How the proposed topics could feed into the expected outcome for 2023 with a view to reaching an agreement on the new collective quantified goal on climate finance in 2024;***

A focused discussion with a quest to achieve the target assigned for each TED will be helpful in ensuring outcome by the end of 2023 feeding into the final decision by 2024. It will be important to have a significant outcome on the above-suggested TED topics during 2023 to allow for future TEDs to consider the remaining elements of the goal.

The proposed workplan defines a clear path from 2023-2024 for technical input to be provided for priority elements of the NCQG as defined in decision 9/CMA3 paragraph 16.

***What specific issues should be discussed, taking into consideration synergies between discussions on the new collective quantified goal on climate finance and related processes (e.g. the global stocktake, the global goal on adaptation, work on Article 2, para. 1(c)).***

Discussions on the timeframe, methodology to set quantity, setting quantity ranges and transparency arrangements are priority areas for 2023. Leveraging lessons learned from the USD 100 billion should occur during all discussions, particularly when considering access and predictability concerns.

The NCQG discussions should feed into the outcomes of other agenda items and discussions, as stated above, the level of ambition of support should determine the ambition in implementation in developing countries.