

No agreement on timing of process to set new finance goal

30 May, Penang (T Ajit+) — Parties to the UNFCCC's Ad Hoc Working Group on Paris Agreement (APA) discussed the process for setting a new collective quantified goal on finance and but could not reach agreement on the matter.

The discussions in informal consultations under the APA took place during the two weeks of climate talks held recently in Bonn from 8-18 May.

The mandate for Parties to set a new collective quantified finance goal comes from paragraph 53 of decision 1/CP.21 from Paris which provides as follows:

("...in accordance with Article 9, paragraph 3, of the [Paris] Agreement, developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation actions and transparency on implementation; prior to 2025 the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement [CMA] shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.")

Several disagreements emerged over when the process should begin and who should contribute to the new finance goal.

Developing countries, led by **China**, proposed that the process should begin as soon as possible, preferably next year, adding that given Parties' experience on the existing goal of mobilizing USD 100 billion per year by 2020, which was agreed to first under the Copenhagen Accord in 2009, (but was not adopted by the UNFCCC until the Conference of Parties in Cancun, Mexico in 2010), it had taken 7 years to translate from a pledge to a roadmap, and work on the new goal should start early on.

(During the 22nd session of the Conference of the Parties, [COP22], in Morocco in 2017, developed countries presented a roadmap on the USD 100 billion, which became quite controversial owing to climate finance accounting. See related [TWN Update](#).)

However, developed countries said that the decision did not call for any process to be initiated and that there was no urgency to set the goal. They said that since the decision referred to "prior to 2025", Parties could consider the issue around then and also because the finance landscape would have changed considerably then.

Developed countries got support from only one developing country grouping, when **Chile**, representing **Independent Association of Latin America and the Caribbean (AILAC)** said that they could consider the issue in 2023-24 after the global stocktake (GST).

The developed countries also said that Parties should focus on the existing goal of USD 100 billion.

On who would contribute, **New Zealand** said that the new collective goal would be based on an enhanced donor base and that all Parties would have to contribute to it.

In response, **Egypt** said that a 'changing landscape' did not mean that developed countries would not take the responsibility mandated to them and stressed that the goal being talked about is meant for developed countries.

Parties also discussed where the issue should be addressed.

While it appeared that a consensus was emerging that the CMA would take up the issue, there was no consensus on when the process should begin.

China proposed that to give effect to the task, the

Subsidiary Body for Implementation (SBI) should be given the responsibility in this regard.

Following the discussions (see highlights of some interventions below), APA co-chairs **Jo Tyndall (New Zealand)** and **Sara Baashan (Saudi Arabia)** in their [informal note](#) captured the following which was under agenda item 8 on ‘Further matters related to implementation of the PA,’:

“Parties agreed that setting a new collective quantified goal on finance in accordance with decision 1/CP.21, paragraph 53, is a mandated and important matter for the CMA to address. A proposal was made that the SBI should be mandated to undertake the technical work, while other Parties noted that this should be up to the CMA to decide. There was also a shared understanding among Parties that consideration of this matter would benefit from discussion of work on related issues being addressed in the climate change regime, as well as on past experiences.

...While there was an agreement on the clear mandate on this matter to the CMA, there were divergent views on the timing and sequencing of work by the CMA. Some Parties were of the view that work should begin at CMA 1.3 (2018) given the complexities and timeframe for consideration, with some other Parties of the view that work should begin at CMA 1.2 (2017). Another group of Parties considered that, to benefit from the outcome of key matters being addressed in the climate change process, as well as the changing climate finance landscape, the CMA’s consideration of this matter should be undertaken at a later stage (e.g., either after 2020, or beginning in 2023/2024). ... Parties will continue considering this matter at the next session of the APA.”

Highlights of some interventions

For the discussion, **APA Co-chair Tyndall** asked the following questions to Parties: (i). *Is preparatory work currently being undertaken? If so, where?;* (ii) *if there is no preparatory work being undertaken on this matter, is preparatory work required, and if so, by which body?;* (iii) *what should be the timeframe for this work?*

In response to the questions, **China** said that the body to undertake this work was the CMA, which was agreed by all the Parties. “We do not see any other body undertaking the task. This is a new task. It is clear from the mandate that the CMA is to set the goal. So, it is with the CMA. To give effect this task, we propose to invite the SBI to undertake this task,” it said.

On the timeframe to start work, China said work should start as early as possible and indicated that work should begin next year. “If you look at history, in Copenhagen (in 2009), we agreed to 100 USD billion goal and only last year..., we have a roadmap proposed by developed countries. It takes 7 years for a pledge to turn into a roadmap. So, if we look at the mandate (in para 53), which says, prior to 2025, it means we have to do it by 2024. We have 6 years. We would like to have an in depth discussion on this to be able to give effect to the decision as early as possible,” it added further.

Australia said it did not see the mandate as setting a process towards the goal and therefore there was no need to do anything immediately. It also said that under the COP, there is an existing item on the long-term goal of USD 100 billion under long-term finance (LTF) and added that it made sense to see how discussions progress on this first. “There is nothing in the mandate to suggest anything needs to be set up. This means we have flexibility on how we approach this. It makes a great deal of sense to see how progress is made on the existing goal first. We can discuss this after 2020,” it added further.

The **European Union (EU)** said that the CMA is to set a new collective goal and it remains committed to engage when the time is right. It also said that nobody had said that a process needed to be identified for that. The EU added that it is a matter of just sequencing and in the lead up to 2018, Parties should focus on things mandated for the first CMA. “We have to engage, but the timing is not now,” it added further.

Egypt sought clarification on what the EU meant by sequencing and what should be discussed before, adding that the process for setting a new collective quantified goal on finance should be on the agenda and Parties should discuss the criteria to achieve the goal.

New Zealand said that the LTF is under the COP and focused on pre-2020 action and Parties should focus on the USD 100 billion, adding they had the flexibility in relation to when to do the new finance goal. It was just a matter of trigger and timing it said, adding that para 53 provided a hint on the timing. “We don’t think we need to accord it any priority. The new collective goal will be based on an enhanced donor base. So, all Parties will contribute to it,” it said.

China in response said Parties had not gathered in Bonn to renegotiate the Paris decision. “We all agree we need to open the discussion sometime. We have different views on when we should do it. There are a couple of options: from 2018, after 2020, and before 2025. So, 2020-2025 is an option, and 2018 is an option. This is something that Parties can agree on when to initiate discussion in the future,” it said further.

It also said that it would be difficult for the CMA to do the work directly and therefore the SBI should do it. China added that it would not be a simple process and would take time. “It will be very difficult if we delay the discussion to after 2020. We have history, the experience, the USD 100 billion goal and the roadmap. It is a complicated process,” said China. It also said that during the discussions, Parties need to take into account the needs and priorities of developing countries.

Chile spoke for the **AILAC** and said that there were processes such as the biennial assessment, the GST, the enhanced transparency framework and review of financial mechanism. “We have the 2020 goal and we have to see how that performs. We do not see the need for it (the new collective quantified goal) right now. The timeframe to address this is 2023-2024,” it said.

South Africa said it had not heard any Party say that the CMA should not take up the work but the question is when should the work begin. It said that the issue was relevant for the facilitative dialogue of 2018 (FD 2018). It also said that some nationally determined contributions (NDCs) were until 2025 and some were till 2030 and that discussing the issue under consideration was related to enhancing action under the PA.

Maldives said that developed countries had a roadmap until 2020 and asked why Parties should not start working on a new goal from now.

Switzerland said that Parties should not be prejudging what the CMA will need to do. “The CMA will set a goal in its mandate and we do not see this going to the SBI,” it said. On timing, it said that para 53 spoke of the goal to be set up prior to 2025 so it should be around the actual year of the goal. It also said that Parties did not need to engage so much earlier and that “at some point it will be on the CMA agenda but not now”.

China responded by saying the mandate is with CMA1 already (referring to the agenda adopted in

Marrakech last year). “If you look at the CMA1 footnote (of the CMA agenda), para 53 is already there. So, it is in the CMA 1 that this will be taken up. We agree it is very relevant to the FD 2018. The FD 2018 will look at not just pre-2020, but also the post-2020 finance landscape,” it added. Responding to New Zealand on pre-judging the work of the CMA, China said, “this is not pre-judging; this is something we all, including New Zealand, agreed to in Paris,” it stressed further.

Australia intervened to say that it was attracted to AILAC’s proposal of the timing being around 2023-24, when Parties had taken stock of progress towards implementation. It said that it could not take work on something when they did not have any information on it.

Egypt said its experience in finance negotiations showed that it takes a long time and that they should have a discussion as soon as possible. It said that work could be given to subsidiary bodies, or work could be imported from elsewhere but it would be important to discuss how to agree on a new quantified goal.

Referring to comments that everybody has to contribute to the goal, Egypt said, “A changing landscape does not mean that we are changing the donors or their responsibilities. This is a goal for the developed countries,” stressed Egypt.

The **EU** also said it was attracted to AILAC’s suggestion on discussing it closer to 2025, and said that if the CMA decided to defer the issue to the subsidiary bodies, it would be considered then. On the changing landscape in 2025 in relation to climate finance, the EU also said that it included a wider base of contributors to the process.

Canada said Parties first needed to assess what they were achieving with USD 100 billion. It also said that a good example of a changing landscape is the Green Climate Fund. Things are changing very fast. It suggested Parties begin the discussion on the item after they have completed their biennial reports after 2022-23.

The **United States** referred to the footnote mentioned by China and added that the footnote is an “informational footnote and is not intended as a vehicle to rewrite the mandate. The footnote states it could be decided by the CMA.”

New Zealand finally said that it could endorse that the CMA would be the body undertaking the task. On timing, it relied on AILAC’s suggestion

of 2023-24, after the global stocktake (GST). “It makes sense to do it after the GST. The key thing is mobilizing the finance. The GST would input the timing. It is a waste of time to have a discussion until then,” it said.

India also supported China and said that the

CMA should set a new collective goal.

Given the divergent views, the APA Co-chairs issued their informal note to reflect the discussions in this regard.

+With inputs from Jade Chiang and edits by Meena Raman