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## Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

### Sixth session

Baku, 11–22 November 2024

Agenda item 11(a)

### Matters relating to finance

### New collective quantified goal on climate finance

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### Proposal by the President

### Draft decision -/CMA.6

## New collective quantified goal on climate finance

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* Article 9 of the Paris Agreement,

*Also recalling* Article 2, paragraph 1, of the Paris Agreement, which sets out the goals of the Paris Agreement, and Article 2, paragraph 2, of the Paris Agreement, which provides that the Agreement will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances,

*Further recalling* decision 1/CP.21, paragraph 53,

*Recalling* decisions 14/CMA.1, 9/CMA.3, 5/CMA.4 and 8/CMA.5,

1. *Affirms* that the new collective quantified goal on climate finance is aimed at contributing to accelerating the achievement of Article 2 of the Paris Agreement of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emission development in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;
2. *Reaffirms* the outcomes of the first global stocktake and *stresses* the urgency of enhancing ambition and action in this critical decade to address the gaps in the implementation of the goals of the Paris Agreement;
3. *Highlights* that costed needs reported in nationally determined contributions of developing country Parties are estimated at USD 5.1–6.8 trillion for up until 2030 or

USD 455–584 billion per year<sup>1</sup> and adaptation finance needs are estimated at USD 215–387 billion annually for up until 2030<sup>2</sup> and *notes with concern* the gap between climate finance flows and needs, particularly for adaptation in developing country Parties;<sup>3</sup>

4. *Notes* the findings of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, including the urgency of climate action; that finance, technology and international cooperation are critical enablers for accelerated climate action; that if climate goals are to be achieved, both adaptation and mitigation financing would need to be increased manifold; and that there is sufficient global capital to close the global investment gap but there are barriers to redirecting capital to climate action, and that governments, through public funding and clear signals to investors, are key in reducing these barriers;

5. *Decides* that the new collective quantified goal on climate finance will support the implementation of developing country Parties', inter alia, nationally determined contributions, national adaptation plans and adaptation communications, including those submitted as adaptation components of nationally determined contributions; contribute to increasing and accelerating ambition; and reflect the evolving needs and priorities of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States;

6. *Reiterates* the importance of reforming the multilateral financial architecture<sup>4</sup> and *underscores* the need to remove barriers and address disablers faced by developing country Parties in financing climate action, including high costs of capital, limited fiscal space, unsustainable debt levels, high transaction costs and conditionalities for accessing climate finance;

7. *Calls on* all actors to work together to enable the scaling up of financing to developing country Parties for climate action from all public and private sources to at least USD 1.3 trillion per year by 2035;

8. *Reaffirms*, in this context, Article 9 of the Paris Agreement and *decides* to set a goal, in extension of the goal referred to in paragraph 53 of decision 1/CP.21, with developed country Parties taking the lead, of at least USD 300 billion per year by 2035 for developing country Parties for climate action:

(a) From a wide variety of sources, public and private, bilateral and multilateral, including alternative sources;

(b) In the context of meaningful and ambitious mitigation and adaptation action, and transparency in implementation;

(c) Recognizing the voluntary intention of Parties to count all climate-related outflows from and climate-related finance mobilized by multilateral development banks towards achievement of the goal set forth in this paragraph;<sup>5</sup>

9. *Encourages* developing country Parties to make contributions, including through South–South cooperation, on a voluntary basis;

10. *Affirms* that nothing in paragraphs 8–9 above affects any Party's development or recipient status;

<sup>1</sup> See document FCCC/CP/2024/6/Add.2–FCCC/PA/CMA/2024/8/Add.2 and paras. 9–10 of decision -/CP.29 (draft decision entitled “Matters relating to the Standing Committee on Finance” proposed under agenda item 8(b) of the Conference of the Parties at its twenty-ninth session).

<sup>2</sup> See United Nations Environment Programme. 2023. *Adaptation Gap Report 2023: Underfinanced. Underprepared*. Nairobi: United Nations Environment Programme. Available at <http://www.unep.org/resources/adaptation-gap-report-2023>.

<sup>3</sup> Standing Committee on Finance. 2024. *Sixth Biennial Assessment and Overview of Climate Finance Flows*. Bonn: UNFCCC. Available at <https://unfccc.int/topics/climate-finance/resources/biennial-assessment-and-overview-of-climate-finance-flows>.

<sup>4</sup> Decision 1/CMA.5, para. 95.

<sup>5</sup> This does not prejudice any decision under any governing body of any multilateral development bank, noting that each bank operates within its own mandate and governance structure and the intention reflected in this paragraph relates to the Paris Agreement.

11. *Underscores* the importance of continuing to use bilateral channels to support climate action in developing country Parties, taking into account their needs and priorities in line with country-driven strategies and plans;
12. *Encourages* Parties, in carrying out their functions as shareholders of multilateral development banks, to continue advancing efforts to promote an evolution agenda for bigger, better and more effective multilateral development banks in order to address global challenges and poverty eradication and maximize impact in developing country Parties;
13. *Recognizes* that multilateral climate funds, including the operating entities of the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund, are key in supporting developing country Parties and *encourages* Parties to work through the governing bodies on which they serve to continue enhancing climate finance, including with respect to coherence, complementarity and access;
14. *Acknowledges* the fiscal constraints and increasing costs to adapt to the adverse effects of climate change and, in this context, *also acknowledges* the need for public and grant-based resources and highly concessional finance, particularly for adaptation and responding to loss and damage in developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States;
15. *Underscores* the critical importance of significantly reducing the cost of capital and increasing the mobilization ratio of finance mobilized from public sources by 2030 and creating fiscal space in developing country Parties through the use of innovative instruments, such as first-loss instruments, guarantees, local currency financing and foreign exchange risk instruments, taking into account national circumstances, and *encourages* the exploration, use and scaling up of innovative sources and instruments of finance, as appropriate;
16. *Decides* that a significant increase of public resources should be provided through the operating entities of the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund and *also decides* to pursue efforts to at least triple annual outflows from those Funds from 2022 levels by 2030 at the latest with a view to significantly scaling up the share of finance delivered through them in delivering on the goal contained in paragraph 8 above;
17. *Affirms* that the provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the needs and priorities of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States;
18. *Recognizes* the need to dramatically scale up adaptation finance, including taking into account the global goal on adaptation and the targets referred to in paragraphs 9–10 of decision 2/CMA.5;
19. *Acknowledges* the significant gaps that remain in responding to the increased scale and frequency of loss and damage, and the associated economic and non-economic losses and *recognizes* the need for urgent and enhanced action and support for averting, minimizing and addressing loss and damage associated with climate change impacts;
20. *Also recognizes* the importance of continued efforts to support just transitions across all sectors and thematic areas, and cross-cutting efforts, including transparency, readiness, capacity-building and technology development and transfer, in developing country Parties;
21. *Underscores* the importance of reducing existing constraints, challenges, systemic inequities and barriers to access to climate finance, such as high cost of capital, co-financing requirements and burdensome application processes, *welcomes* ongoing efforts to improve access to climate finance and *urges* all climate finance actors to strengthen their efforts to enhance efficient and effective access to bilateral, regional and multilateral climate finance for developing countries, in line with country-driven strategies and plans, in particular the least developed countries and small island developing States, to eliminate conditionalities for access, as appropriate, and to enhance transparency regarding efforts undertaken in this regard;

22. *Also urges* Parties that provide bilateral climate finance to apply access enhancements, as appropriate and where relevant, including, in particular, by:

- (a) Increasing, as appropriate, support for locally led approaches and institutions, in particular for adaptation measures;
- (b) Enhancing sustained demand-led capacity-building, technical assistance and readiness programmes;
- (c) Expanding multi-year, country-led programmatic approaches;
- (d) Considering expansion of existing projects, rather than establishing smaller new projects, as appropriate to the context and in a country-driven manner;
- (e) Streamlining reporting requirements where possible and consistently with respective mandates;
- (f) Considering measures for increasing finance to the least developed countries and small island developing States;

23. *Invites* international financial institutions, including multilateral development banks as appropriate, to continue to align their operational models, channels and instruments to be fit for purpose for urgently addressing global climate change, development and poverty, in accordance with their mandates and in line with the direction of their governing bodies, including by:

- (a) Deploying a range of instruments, in particular non-debt-inducing instruments;
- (b) Considering shifting their risk appetites in the context of climate finance;
- (c) Continuing to contribute to scaling up climate ambition and finance, including by simplifying access to finance;
- (d) Continuing to enhance the effectiveness of climate finance provided and mobilized;
- (e) Considering scaling up highly concessional finance for developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States;
- (f) Aiming at increasing grant financing disbursed to the least developed countries and small island developing States;

24. *Calls on* multilateral climate funds, including the operating entities of the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund, to strengthen their efforts to enhance access and promote effectiveness, including by, as appropriate:

- (a) Scaling up and prioritizing direct access;
- (b) Simplifying and harmonizing application pre-approval and post-approval requirements and disbursement processes;
- (c) Establishing flexible information requirements;
- (d) Promoting programmatic approaches;
- (e) Streamlining reporting requirements;

25. *Also calls on* Parties to enhance their enabling environments, in a nationally determined manner, with a view to increasing climate financing;

26. *Urges* Parties and other relevant actors to promote the inclusion and extension of benefits to vulnerable communities and groups in climate finance efforts, including women and girls, children and youth, persons with disabilities, Indigenous Peoples, local communities, migrants and refugees, climate-vulnerable communities and people in vulnerable situations;

27. *Decides* to launch, under the guidance of the Presidencies of the sixth and seventh sessions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, in consultation with Parties, the “Baku to Belém Roadmap to 1.3T”, aiming at scaling up climate finance to developing country Parties to support low greenhouse gas emissions and climate-resilient development pathways and implement nationally determined contributions and national adaptation plans, including through grants, concessional and non-debt-creating instruments, and measures to create fiscal space, taking into account relevant multilateral initiatives as appropriate; and *requests* the Presidencies to produce a report summarizing the work as they conclude the work by the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (November 2025);

28. *Recalls* Article 9, paragraph 7, of the Paris Agreement, which states that developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement,<sup>6</sup> and that other Parties are encouraged to do so;

29. *Also recalls* paragraph 118 of the annex to decision 18/CMA.1, which states that developed country Parties shall provide information pursuant to Article 13, paragraph 9, of the Paris Agreement in accordance with the modalities, procedures and guidelines contained in chapter V of the annex to that decision, and that other Parties that provide support should provide such information and in doing so are encouraged to use those modalities, procedures and guidelines;

30. *Requests* the Standing Committee on Finance to prepare a report biennially, commencing in 2028, on collective progress towards all elements of this decision, on the basis of all relevant and available sources of information, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

31. *Invites* submissions on the information on financial support provided and mobilized in 2025 and 2026 through the common tabular formats referred to in chapter V of the annex to decision 18/CMA.1 for the electronic reporting of that information by 30 June 2028, and the provision of relevant subsequent information on a biennial basis thereafter, in order to provide a full overview of aggregate financial support provided and to inform the global stocktake under Article 14 of the Paris Agreement;

32. *Requests* the Standing Committee on Finance to consider in its assessment of progress for the report referred to in paragraph 30 above information from all relevant and available data sources, such as information provided in biennial transparency reports and reporting based on project-level data from, for example, multilateral development banks, multilateral climate funds and other international financial institutions;

33. *Recognizes* the importance of transparency in measuring progress in enhancing access to climate finance and the impacts, results and outcomes of climate finance flows for addressing the needs and priorities of developing country Parties and *requests* the Standing Committee of Finance to report on progress in these areas as part of the report referred to in paragraph 30 above;

34. *Decides* to undertake a special assessment of access to climate finance at the twelfth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (2030) with a view to assessing progress in relation to the matters referred to in paragraphs 21–24 above and identifying further opportunities for enhancing access to climate finance in accordance with the aim of the new collective quantified goal and in line with Article 9, paragraph 9, of the Paris Agreement;

35. *Invites* the Standing Committee on Finance to consider in the report referred to in paragraph 30 above the regional balance in efforts to increase finance in line with paragraphs 7–8 above, including therein both qualitative and quantitative considerations, and disaggregated information related to the least developed countries and small island developing States;

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<sup>6</sup> Decision 18/CMA.1, annex.

36. *Decides* to periodically take stock of the implementation of this decision as part of the global stocktake and to initiate deliberations on the way forward prior to 2035, including through a review of this decision in 2030;
  37. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in paragraphs 27, 30, 34 and 36 above;
  38. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.
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