Briefing

NCQG | UNFCCC - 17 October 2024

NCQG Glossary

In Short | Key NCQG Concepts | Key Paris Agreement Climate Finance Articles and NCQG Mandates

IN SHORT

The New Collective Quantified Goal (NCQG) is a new climate finance goal under the Paris Agreement, to be adopted at CMA6 in Baku in November. Its mandate is that it be from a floor of US$100 billion per year, taking into account the needs and priorities of developing countries. The NCQG aims to help achieve Article 2 of the Paris Agreement. The NCQG will replace the 2009 commitment by developed countries, in the context of meaningful mitigation actions and transparency on implementation, to mobilize $100 billion per year by 2020 to address the needs of developing countries. In Paris in 2015 this goal was extended through 2025. Developing countries' financial needs are now estimated in trillions of dollars per year.

The lexicons and jargon of both climate policy and finance are complex, and the NCQG falls squarely at the intersection of these two realms. To assist in navigating this complex territory, the following sets forth a glossary of climate finance concepts and acronyms that are embedded in the negotiation options of the NCQG.

KEY NCQG CONCEPTS

1. **Adaptation:** the process of adjusting to the effects of climate change. It involves making changes in natural or human systems in response to current or expected climate impacts in order to reduce harm or take advantage of new opportunities. For instance, building flood defenses and designing drought-resistant crops are forms of adaptation.

2. **Biennial transparency reports (BTRs):** the primary reporting vehicle under the Paris Agreement's Enhanced Transparency Framework. These reports are due every two years, the first round of them to be delivered by December 2024. Least Developed Countries and Small Island Developing States can submit at their discretion. BTRs will include information on Parties' actions and support, including greenhouse gas emissions inventories, information tracking progress made in implementing and achieving NDCs, information on climate change impacts and adaptation, as well as information on the financial, technological, and capacity-building support provided and mobilized by developed countries and voluntarily by other countries that provide and mobilize finance, and on support needed and received by developing countries.

3. **Burden/Effort Sharing:** Proposed approaches to allocate the collective responsibility for providing climate finance among countries, ensuring fairness and predictability in their contributions. Building on the principle of "common but differentiated responsibilities and respective capabilities" (CBDR-RC), such arrangements would distribute the financial burden equitably,

acknowledging historical emissions and economic shifts. While there is no unique methodology for allocating shares, most methodologies rely on historical responsibility, measured through per capita or cumulative greenhouse gas emissions, and capacity to pay, measured through economic indicators such as gross national income or gross domestic product.

4. **Capacity constraints:** the limitations in institutional, human, or technical resources that hinder a country or organization's ability to effectively design, implement, and manage climate-related projects and risks. Developing countries, in particular, may face capacity constraints in areas such as financial management, technical expertise, policy implementation, and monitoring and evaluation.

5. **Carbon pricing** is an approach to reducing greenhouse gas emissions by putting a monetary cost on emitting carbon dioxide (CO_2) or other greenhouse gases. The idea is to make emitting carbon more expensive, thereby encouraging businesses and individuals to reduce their emissions. There are two main types of carbon pricing:

   i) **Carbon tax:** a direct tax on emissions.

   ii) **Cap-and-trade** (also known as emissions trading): a system where a limit (or cap) is set on emissions, and companies can buy or sell emission permits within that limit.

   Either alongside or independent of any carbon tax or cap-and-trade program, carbon pricing also can be embedded in government systems by placing a value on greenhouse gas emissions (often referred to as the "social cost of carbon") as part of cost-benefit analysis that is used to inform decisions on projects and/or regulations.

6. **Channels:** how sources of climate finance are delivered to the recipients. These channels can be bilateral (e.g. between countries), regional (e.g., regional development banks) and multilateral (e.g., multilateral climate funds or multilateral development banks).

7. **Climate debt trap:** refers to a scenario in which the adverse effects of climate change—whether through sporadic extreme events or ongoing degradation of environmental conditions—result in significant and multifaceted repercussions for communities, ecosystems, and economic activities. These impacts can exacerbate fiscal imbalances and elevate public debt levels in the short to medium term, creating a cycle of increasing financial strain that hinders recovery and resilience efforts. In countries where there is a strong relationship between banking systems and their governments, the climate debt trap can lead to a further contraction in credit as banks are forced to reduce their lending because their balance sheets are negatively affected.

8. **Climate induced debt:** when countries or companies are forced to borrow the money needed to address current (loss and damage) or expected (adaptation) climate impacts. This is because they are not able to address these impacts using other means of financing such as taxes in the case of governments, or profits in the case of companies. Many developing countries find themselves having to spend money on addressing climate impacts which they did not cause.

9. **Climate Resilient Debt Clauses (CRDCs):** financial mechanisms that allow countries to defer debt repayments in the event of climate-related disasters. By postponing these financial obligations, CRDCs create the necessary fiscal space for governments to respond effectively to emergencies and undertake resilient reconstruction efforts. This instrument aims to enhance vulnerable nations' capacity to manage climate change's economic impacts while focusing on recovery and

rebuilding in a sustainable manner.

10. **Common tabular formats (CTFs):** a collection of detailed tables that Parties will fill out as part of their BTRs, which aim to allow for the presentation of data in tabular formats that are consistent and comparable across Parties. The CTFs reflect the agreed modalities, procedures, and guidelines for reporting from decision 18/CMA.1. For the purpose of the NCQG, the CTFs correspond to the financial, technological, and capacity-building support provided and mobilized by developed countries and other countries that provide and mobilize support voluntarily, and on support received and needed by developing countries.

11. **Concessional financing:** Below market rate and other preferential conditions of finance provided by public financial institutions, such as development banks and multilateral funds, as well as some philanthropic sources (see, e.g., the Convergence network here). The term concessional finance does not represent a single mechanism or type of financial support but comprises a range of below market rate products used to accelerate a climate or development objective and include mechanisms such as lower or zero interest rates, longer tenors and repayment grace periods. The most common financial products used to deliver concessional finance come in the form of loans (including subordinated/junior debt), grants, guarantees and, to some extent, equity investments (including first-loss capital).

12. **Contributors:** Group of actors (e.g., countries, organizations, companies, or individuals) that provide financial, technical, or other forms of support for a particular initiative, fund, or project. In climate finance, this refers to the countries and organizations that contribute to climate funds, climate finance commitments or goals, or finance climate action.

13. **Corporate debt:** debt owed by a company. The company may or may not be state-owned. Corporate debt is considered climate debt when the money is used by the company to address climate change (e.g. through a use-of-proceeds climate bond).

14. **Cost of capital:** the costs of borrowing or raising capital via different financial instruments, including equity and loans, taking into account the different risks (e.g., country risks and sector risks) associated with the investment. In the case of debt, it is the interest rate at which a country, company or project can borrow. For countries which borrow through bonds, the cost of capital is usually referenced against the yields on comparable US Treasuries which are bonds issued by the US government. For companies and projects, the cost of capital is usually referenced against the overnight rate of the currency of the financing instrument, for example the Secured Overnight Financial Rate (SOFR) for USD. In general, the higher the real or perceived risk of lending to or investing in a country, company or project, the higher the return that is expected by the lender or investor, and the higher the cost of capital for the borrower. Many developing countries face particularly **high cost of capital**. High interest rates (associated with real and/or perceived risk) make it costly – and in some cases, cost-prohibitive – to borrow money for large-scale climate adaptation and mitigation projects. High interest rates and few foreign investment incentives are often due to the country's vulnerability to climate phenomena as well as to its extent of development and risk perceptions of the market. In certain Emerging Markets and Developing Economies (EMDEs) that have economies with heightened risks arising from factors such as political and economic fragility, conflict and climate vulnerability, the high cost of capital can create a trap (see "climate debt trap" under Debt-related Concepts below). This can limit the ability of developing countries or private entities to finance clean energy projects or build climate-resilient infrastructure. Access to concessional loans, guarantees, or grants can help

reduce the cost of capital.

15. **Creditor**: the entity that has bought or invested in the debt of a country or company. A country is considered a bilateral creditor if it invests in the debt of another country. Non-state creditors are considered private or multilateral creditors and can be registered in or outside the country of the borrower.

16. **Debt for climate swaps:** financial instrument in which a portion of a country's debt is forgiven in exchange for commitments to invest in climate-related projects and initiatives. This arrangement allows countries to alleviate their debt burdens while simultaneously funding efforts to address climate change and promote sustainable development.

17. **Debt from private creditors:** also known as private debt or direct lending, includes bonds that are either publicly issued or privately placed; commercial loans from private banks and other private financial institutions; and other private credit supplied by manufacturers, exporters, and other suppliers of goods, as well as bank credit covered by a guarantee of an export credit agency.

18. **Debt sustainability analysis (DSA)**: the framework created by the IMF to analyze the public and internal debt carrying capacity of countries. According to the IMF, a country's public debt is considered sustainable if the government is able to meet all its current and future payment obligations without exceptional financial assistance or going into default. There are two frameworks: one for low income countries and one for market-access countries. The impact of climate change is one of the considerations that the IMF's DSA takes into account. However, the IMF has not explicitly explained how this is done. Private creditors also conduct their own DSA as part of their assessment of whether to buy, hold or sell sovereign debt.

19. **Direct access:** A mechanism in which sub-national, national, and regional accredited entities (direct access entities) of developing countries gain direct access to funding provided by an international fund to implement selected projects and/or programs, without the need to go through international intermediaries.

20. **Enhanced Transparency Framework (ETF):** This framework for action and support is set out in Article 13 of the Paris Agreement, with the aim to build mutual trust and confidence, to provide a clear understanding of climate change action, and to provide clarity on the support needed, provided, mobilized, and received. Under the ETF, all Parties abide by the same modalities, procedures, and guidelines (laid out in decision 18/CMA.1), with flexibility provided for those developing country Parties that need it in light of their capacities.

21. **Equity (principle):** Equity is a principle articulated in the UNFCCC and Paris Agreement, and often linked with the principle of CBDR-RC. Article 3.1 of the UNFCCC states "The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof." Countries have different perspectives on how the principles of equity and CBDR-RC apply to climate finance, including the idea that countries with greater historical responsibility for climate change and stronger financial capacity should provide support to those with lower responsibility and less capability.

22. **Financial instruments and types of finance:** Financial instruments span a broad range of approaches, and there is considerable ongoing innovation to meet changing needs. Some of the most common types of finance and financial instruments are identified below:

    iii) **Grants:** non-repayable funds that are typically disbursed by government or international financing institutions. Grants can also be provided by other entities such as philanthropies.

    iv) **Repayable Grants**: While grants typically are non-repayable, the concept of repayable grants is increasingly used by project preparation facilities, where grants are expected to be repaid should the project receive enough funding to be implemented.

    v) **Loans and Debt Finance:** financing given in exchange for future repayment of the principal value, typically along with interest that reflects the time value of money and/or other finance charges including premiums tied to financial risks. A loan may be for a specific, one-time amount or can be available as an open-ended line of credit up to a specified limit or ceiling amount. Loans and other forms of debt finance, such as bonds, can be traded via capital markets. Debt can also be privately placed, although this is less common. Loans and other forms of debt finance can be concessional or non-concessional.

    vi) **Equity**: a type of finance through which companies and projects raise capital through the sale of shares or other ownership stakes, thereby offering investors partial ownership in the enterprise. Both private and public companies and projects employ this method to secure funds for various purposes, from meeting short-term financial obligations to financing long-term strategic initiatives, as well as securing capital for infrastructure investments. Equity financing can be sourced through private placement (including through institutional investors, private equity, and venture capitalists), or through public offerings such as an initial public offering (IPO).

    vii) **Guarantees:** a financial instrument that is used to reduce the risk for lenders or investors by covering potential losses if a certain event which can affect the ability of a borrower to repay takes place. Events that a guarantee could cover include but are not limited to borrower default, foreign currency exchange, expropriation and contract cancellation. In the context of climate finance, guarantees play a key role in mobilizing financial resources, particularly from the private sector, by lowering the risks for the providers of finance, who can then offer better financing terms to borrowers (such as lower interest rates). This is especially important in emerging markets and developing economies (EMDEs), where real and perceived risks often hinder investment flows. By reducing certain risks, guarantees can make climate-related projects more attractive to investors, and encourage greater investment in climate initiatives. However, quantifying the exact mobilization effect of guarantees tends to be challenging for accounting.

    viii) **Non debt instruments:** financial tools and mechanisms that offer finance without creating new debt obligations for recipient countries, such as grants and equity finance.

23. **Financial Mechanism:** The Financial Mechanism of the UNFCCC and the Paris Agreement was established to provide financial resources to developing countries. The operation of the Financial Mechanism can be entrusted to one or more international entities, and is accountable to the Conference of the Parties. The operating entities of the Financial Mechanism of the UNFCCC and the Paris Agreement are the Global Environment Facility, the Green Climate Fund, and the Fund for Responding to Loss and Damage. Other funds, including the Special Climate Change Fund, the Least Developed Countries Fund, and the Adaptation Fund, serve to advance the objectives of the

Paris Agreement without being operating entities of the Financial Mechanism.

24. **Fiscal space:** the financial flexibility and fund availability a government has to allocate resources to address specific challenges without compromising the economic and financial sustainability of a country.

25. **Grant equivalent:** an estimate, at today's value of money, of how much of a financial transaction is a gift or grant over the life of a financial transaction, compared with a transaction at market terms.

26. **Innovative financial instruments:** Financial instruments that have not yet been used at scale to deliver climate finance. For example, debt swaps or sustainability-linked bonds to finance climate solutions. These instruments potentially can contribute to increased access to different sources of climate finance delivered through diversified channels.

27. **Innovative sources of finance:** ways of raising capital that have not yet been tapped at scale. For example, thoughtfully calibrated "solidarity" levies tied to the greenhouse gas emission impacts of activities such as international shipping, imported goods and financial transactions have the potential to be innovative sources of climate finance.

28. **Investment:** the commitment of resources in the expectation that it will generate returns, which can be financial or non-financial (such as better education or health). In the context of the NCQG, investment is often used to refer to the overall amount of climate financing needed (inclusive of both domestic and international sources), in contrast to international provision and mobilization of climate finance.

29. **Layers:** the different levels or stages of a system or structure. In the NCQG context, quantified layers of the goal have been discussed for international public finance provided, international private finance mobilized through public interventions, and overall investments. Negotiations have also discussed a policy layer that outlines actions that could facilitate the delivery of the international finance and overall investment layers.

30. **Local currency lending:** the provision of loans in the currency of the recipient country, rather than in foreign currencies (like the U.S. dollar, Yen or Euro). This eliminates exchange rate risk for borrowers, where fluctuations in currency exchange rates can lead to them having to repay significantly more than they borrowed. In climate finance, local currency lending can help ensure that the financial burden on borrower countries is not exacerbated by currency volatility, allowing them to focus on important climate projects.

31. **Loss and Damage (L&D)** refers to the adverse effects of climate change that go beyond what people or ecosystems can adapt to. These may include economic losses (like damaged infrastructure or reduced agricultural yields) as well as non-economic losses (such as loss of life, biodiversity, or cultural heritage).

32. **Means of implementation:** refers to the capacity and ability to take action to meet a commitment. In the context of the Paris Agreement and the NCQG, the means of implementation includes the finance, technology transfer, capacity building and other elements of the enabling environment needed for countries - including developing countries – to implement their NDCs and other requirements under the Paris Agreement.

33. **Mitigation:** efforts to reduce or prevent the emission of greenhouse gases (GHGs) in order to limit the extent of global warming. This can be achieved through actions such as increasing energy efficiency, switching to renewable energy sources, and adopting sustainable land-use practices that avoid and reverse deforestation.

34. **Mobilization**: finance to developing countries that flows as a result of interventions by public entities, whether through provision of funding, financial mechanisms (e.g., guarantees), policy, or capacity building. Mobilized finance can include both public finance and private finance. In the context of the $100 billion goal and proposals for the NCQG, a mobilization goal would include public finance provided as well as private finance mobilized by public interventions.

35. **Multilateral climate funds:** international funds with a specific focus on providing concessional financing to climate projects in developing countries. MCFs pool resources from and are collectively governed by multiple countries. Examples include the Green Climate Fund, Adaptation Fund, and the Fund for Responding to Loss and Damage. Many MCFs were created by UNFCCC decisions and are part of the Financial Mechanism of the Convention and the Paris Agreement.

36. **Multilateral development banks (MDBs):** international institutions that provide financing for development. MDBs pool resources from and are collectively governed by multiple countries. They use their government-provided capital and strong credit ratings to raise additional finance from global capital markets, and due to this their financing is predominantly loan-based. Examples include the World Bank, African Development Bank, Asian Development Bank, and Inter-American Development Bank.

37. **Nationally Determined Contributions (NDCs):** These contributions embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement (Article 4, paragraph 2) requires each country to prepare, communicate and maintain successive NDCs that it intends to achieve. Countries shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.

38. **Net zero emission targets**: Goals set by countries, companies, or organizations to achieve a balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed from it. Achieving net zero involves reducing emissions as much as possible and offsetting or removing and storing any remaining emissions.

39. **Official Development Assistance (ODA):** Official development assistance provided to developing and newly industrialized countries. While ODA overlaps with climate finance to a considerable degree, they are not identical. ODA is subject to spending commitments to 0.7% of GNI and rules agreed under the OECD Development Assistance Committee (DAC), whereas provision of climate finance is a legal obligation for Annex II countries under the United Nations Framework Convention on Climate Change. Moreover, the International Climate Initiative (ICI) and other programs operate climate finance projects in countries not eligible for ODA.

40. **Operating entities of Financial Mechanism:** The operating entities of the Financial Mechanism are the GEF, the Green Climate Fund and the Fund for Responding to Loss and Damage.

41. **Private Finance:** refers to the financial resources and products provided by a range of domestic and international non-state actors, including commercial banks, institutional investors (such as sovereign wealth funds, pension funds, and insurance companies), private investors (including private equity, venture capital and family offices), insurance providers, multinational corporations

and philanthropies, but excluding sub-national government entities such as cities. It plays a crucial role in capital formation, especially in developing countries, where the depth and maturity of local capital markets significantly impact development outcomes and the ability to attract international private finance. Private finance typically focuses on income and wealth generation for businesses and individuals, in contrast to public finance which is intended to promote the public interest.

42. **Provided**: Public finance provided through bilateral, regional or multilateral channels to developing countries.

43. **Public Finance:** The financing of the goods and services provided by national and sub-national government through taxation, rates, borrowing or other means. It can also refer to the financing provided by government owned companies or by government owned financial institutions such as national development banks, as well as financing provided by multilateral institutions (including Multilateral Development Banks and Development Finance Institutions) where governments provide the capital and participate in governance. In the context of the NCQG, international public finance refers to the financial resources that developed country parties are responsible to provide to developing nations. Sourced from both bilateral and multilateral channels, this type of finance plays a vital role in directly funding climate action, enhancing capacity building, and leveraging private sector finance by using mechanisms that absorb risks associated with climate-related projects.

44. **Quantum:** Quantum refers to the size or amount of something. In policy or financial contexts, it often refers to the total amount of money allocated to a specific program or initiative. In the context of the NCQG, quantum refers to the quantified financial commitment(s) of the goal.

45. **Recipients:** Recipients are entities (e.g., countries, communities, organizations) that receive financial, technical, or other support from a program or fund. In the context of climate finance, recipients include developing countries and communities, projects and non-state actors in those countries that benefit from resources to foster climate action.

46. **Solidarity levies:** A levy is a term referring to an amount of money that must be paid and that is collected by a government or other authority. A solidarity levy is when the revenues raised by a levy are allocated so as to achieve a societal goal or address a common challenge, such as for climate finance. Solidarity levies are often referred to as an 'innovative source of finance'. The Global Solidarity Levies Task Force is a diplomatic initiative chaired by Barbados, France and Kenya which is building political momentum on international cooperation for solidarity levies, including in under-taxed and polluting sectors (aviation, shipping, financial services and fossil fuel extraction). The Taskforce seeks to complement, not replace, efforts at global taxation change by the United Nations.

47. **Sources of climate finance:** Refers to public, private, international, and domestic sources of finance that are delivered or invested in projects or for purposes that are consistent with the objectives of the Paris Agreement.

48. **Sovereign debt:** debt owed by a sovereign state or country. The debt can be issued in the form of government bonds or loans, both of which can be in either local currency or foreign currency. The contingent liabilities of a government are also counted as sovereign debt. These contingent liabilities could arise because a government guarantees the credit risk of a state-owned entity that issued a bond. Sovereign debt is considered climate debt when the money is used by the country

to address climate change.

49. **Standing Committee of Finance (SCF):** Created in 2010 and composed of 20 members nominated by governments, the SCF aims to assist the Conference of the Parties of the UNFCCC and the Paris Agreement in exercising its functions with respect to the Financial Mechanism, improving coherence and coordination in the delivery of climate change financing, rationalization of the Financial Mechanism, mobilization of financial resources and monitoring of support provided to developing countries.

50. **Subgoal:** A subgoal is a specific, smaller objective that contributes to achieving a broader goal. There are several options for subgoals of the NCQG proposed by developing countries which relate to mitigation, adaptation and loss and damage response, plus some subgoals for readiness to climate action, capacity building and transparency.

51. **Support:** international finance, technology transfer, and capacity building provided and mobilized.

52. **Thematic areas:** Thematic areas refer to specific subjects within a broader context. In the context of the NCQG, thematic areas discussed include mitigation, adaptation, and loss and damage. Some countries have proposed other thematic areas such as just transition.

53. **Transaction costs:** the non-interest costs associated with entering into and executing a financial transaction. Examples of transaction costs include legal fees, commitment fees, guarantee fees, bond registration fees, second opinion provider fees, insurance premiums and currency hedging fees, as well as the resources required to undertake due diligence and negotiate deals. These costs can be significant, especially in countries where lenders or investors require guarantees or insurance to cover currency, political and other country risks.

54. **Unilateral measures:** Unilateral measures refer to actions taken by a single country, without coordination or agreement with other countries, to address climate change. In the context of climate finance, carbon tariffs on imports, for example, may be considered an unilateral measure.

KEY PARIS AGREEMENT CLIMATE FINANCE ARTICLES AND NCQG MANDATES

United Nations Framework Convention on Climate Change

Article 4

4.3: The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties.

4.4: The developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

Paris Agreement

Article 2

2.1: This Agreement, in enhancing the implementation of the Convention, including its objective, aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by:

> **2.1 (a)** 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;
>
> **2.1 (b)** Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and
>
> **2.1 (c)** Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

2.2 This 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.

Article 9

9.1: Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.

9.2: Other Parties are encouraged to provide or continue to provide such support voluntarily.

9.3: As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.

9.4: 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 priorities and needs 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, considering the need for public and grant-based resources for adaptation.

COP and CMA decisions

1. **COP:** The Conference of the Parties (COP) is the governing body responsible for overseeing implementation of the UN Framework Convention on Climate Change (1992) and for taking decisions to advance implementation. The COP meets annually and consists of the 198 Parties to the Framework Convention.

Decision 1/CP.21 (2015)

53. Also decides that, in accordance with Article 9, paragraph 3, of the 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 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;

2. **CMA:** The Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) is the governing body responsible for overseeing and guiding the implementation of the Paris Agreement (2015). The CMA makes decisions to guide and support implementation of the Agreement. The CMA meets annually, at the same time as the COP, and is made up of 195 Parties.

Decision 14/CMA.1 (2018)

1. Decides to initiate at its third session (November 2020), in accordance with Article 9, paragraph 3, of the Paris Agreement, deliberations on setting a new collective quantified goal from a floor of USD 100 billion per year in the context of meaningful mitigation actions and transparency of implementation and taking into account the needs and priorities of developing countries;

2. Agrees to consider, in its deliberations referred to in paragraph 1 above, the aim to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;

Decision 9/CMA.3 (2021)

15. Decides that the new collective quantified goal aims 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 emission and climate-resilient development;

16. Also decides that the consideration of the new collective quantified goal will be in line with decision 14/CMA.1 and take into account the needs and priorities of developing countries and include, inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve and taking into consideration the submissions referred to in paragraphs 17–18 below;

Decision 5/CMA.4 (2022)

7. Reiterates that the new collective quantified goal aims 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 emission and climate-resilient development;

9. Also acknowledges the need for substantive progress in the deliberations on the new collective quantified goal on climate finance, which will be in line with decision 14/CMA.1 and take into account the needs and priorities of developing countries and include, inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve, including matters relating to time frame;

10. Further acknowledges 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 in the context of meaningful mitigation actions and transparency on implementation and taking into account the needs and priorities of developing countries;

Decision 8/CMA.5 (2023)

26. Confirms that the deliberations on the scale and elements of the new collective quantified goal will take into consideration the exigent need to support implementation of current nationally determined contributions and national adaptation plans and adaptation communications, including those submitted as adaptation components of nationally determined contributions, increase and accelerate ambition, and reflect the evolving needs of developing country Parties, and the need for enhanced provision and mobilization of climate finance from a wide variety of sources and instruments and channels, recognizing the interlinkages between the different elements of the new collective quantified goal, including in particular how the structure will impact the scale.