REFLECTIONS ON CLIMATE FINANCE ON THE ROAD TO COP30 AND BEYOND

CSO WORKSHOPS FOR CLIMATE FINANCE NEGOTIATORS: A SUMMARY

JUNE AND SEPTEMBER 2025

SUMMARY NOTE

This summary note captures the main points of discussion from two closed-door workshops organised by civil society organisations (CSOs) that brought together climate finance negotiators on the sidelines of the 62nd Subsidiary Bodies meeting (SB62) in Bonn in June 2025, as well as the Sharm el-Sheikh (SES) Dialogue on Article 2.1c in Rome in September 2025.

The discussions were intended to gather views from Parties on the road to the 30th Conference of Parties (COP 30) meeting in Belem, Brazil against the backdrop of the preparation of the Baku to Belem Roadmap, discussions on Article 2.1c, and views on climate finance further in this decade beyond COP 30. The discussions were held under Chatham House rules.

KEY THEMATICS

1. ROLE OF PUBLIC FINANCE

Both discussions underlined that the current system is not fit to deliver climate finance "at the required scale and quality," and that public, especially grant-based and highly concessional finance, is indispensable. Private capital is expected to play a role (particularly in mitigation), but participants stressed that it will not deliver at the needed cost or pace without strong public finance.

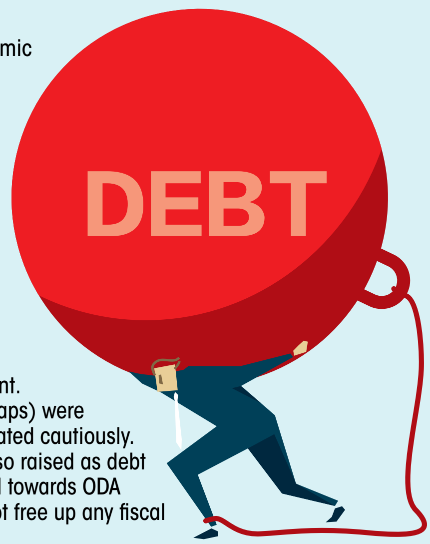
Participants questioned also the role of the private sector and what should be done to mobilize more funds while recognizing certain limits and risks. Others also flagged that moving more finance to the private sector within the current financial architecture means moving more finance to financial regulatory systems that developing countries have very little access to.

The proposal made by the G77 and China group to have an agenda item on Article 9.1 of the Paris Agreement was brought up, some participants flagging the need for public finance to be central to the implementation of the New Collective Quantified Goal (NCQG) while others raising the fact the Article 9.1 is part of the NCQG and does not require an additional space on its own. The latter also stressed that there is a need to better understand the specific aspects and underlying rationale behind the demand for an Article 9.1 agenda item to arrive at a common landing zone.

EARLY SIGNALS PROPOSED INCLUDE:

- Setting clearer split targets (public vs private; grants vs loans) for the NCQG on climate finance
- Tripling outflows to UNFCCC funds (according to para 16 of the NCQG decision) as this represents the first tangible commitment under the new climate finance framework, including guaranteeing that the Fund to Respond to Loss and Damage is part of it and noting that the guidance to the operating entities will be important to implement this commitment.
- Improving quality and concessionality, including via the future NCQG review and the first progress report expected in 2028.
- The fact that many contributors have climate finance pledges expiring this year and should be renewed constitutes a chance to speak on the quality of those as well as including an adaptation component to it.

2. DEBT



Debt emerged as an urgent, systemic constraint. It was highlighted that current debt levels are constraining developing countries' economies (USD 31 trillion public debt of developing countries in 2024, of which USD 921 billion is due to interest payments).

Reliance on debt-based instruments pushes vulnerable countries toward unsustainable cycles; while high debt servicing costs crowd out climate investment. Short-term fixes (debt freezes, swaps) were viewed as insufficient or to be treated cautiously. The additionality question was also raised as debt relief could happen to be counted towards ODA contributions – while this does not free up any fiscal space.

Priorities raised included a fair debt workout mechanism; relief that creates fiscal space for adaptation and resilience; integrating climate and nature risks into DSA frameworks;

3. IFA REFORM

Participants flagged that climate finance is embedded in the wider financial architecture and can't be dissociated from it. Speakers highlighted that climate issues must be seen in line with wider development objectives. It was also raised that mobilizing more finance (i.e via the Baku to Belem Roadmap) without changing current economic and financial rules and rather using innovative instruments, could lead to instability or financial crisis in developing countries. Multilateral Development Banks (MDBs) and International Financial Institutions (IFIs) were recognized as being prominent in the climate finance landscape, with some participants raising concerns regarding the imbalances in their governance but also the fragmentation of their climate funds. Some were of the opinion that we don't have to reinvent the wheel but rather create coherence as several instruments are out there, but not all are working towards the needs of developing countries. Participants also flagged the outsized influence of credit rating agencies and how they constrain the fiscal flexibility of countries, regardless of economic progress.

Solutions for reforms were mentioned, including:

- MDB capital mandates,
- Borrower coordination
- Progressive taxations and levies (e.g., wealth/solidarity levies)
- Fossil-fuel subsidy phase-out, and "polluter pays" instruments

FINANCE TRACKS AT COP30

ARTICLE 2.1(C) AND ALIGNMENT OF FINANCE FLOWS

For Paris Alignment to matter, talk must convert into measurable shifts in public and private flows with safeguards for equity and just transition. Some noted fiscal targets often constrain long-term climate projects; even influential institutions outside the UNFCCC (e.g., the IMF) lack a clear operational understanding of Article 2.1(c). Convergence seems possible on process outcomes (e.g., SES dialogue outputs). Ending harmful flows was also flagged: stopping the expansion of fossil finance, and reallocating fiscal space from fossil subsidies and other harmful outflows toward 'climate-positive' investment.

BAKU TO BELEM ROADMAP: VISION, DESIGN AND USE

It was broadly converged that the Roadmap should be practical, flexible and inclusive, more like a GPS than a static report, offering multiple pathways aligned to diverse starting points and needs. Participants agreed that clear signals are needed while also calling for some "expectations management."

It should avoid becoming another diagnostic and instead drive political will and action, leveraging consultations and country experience. Because it is not a negotiated text, it can connect UNFCCC and non-UNFCCC processes and align fragmented initiatives with financial governance reforms. Several people suggested that the Baku to Belem Roadmap could be an opportunity to have guidance from the COP for other financial architecture discussions

PROPOSED CHECKPOINTS FOR IMPLEMENTATION

A few months after the adoption of the NCQG, there was an acknowledgment that Parties still do not have a common understanding of what is included or not in the decision and that more needs to be done to build a common interpretation and way forward to implement the decision.

The discussions underscored the need for greater clarity and accountability in climate finance, with calls by some to develop an agreed definition, strengthen granular reporting, and require delivery plans by 2028 that specify adaptation shares and grant components while avoiding ODA double-counting. Many participants welcomed proposals for the SCF to set baseline metrics in 2026 and conduct biennial reviews from 2028. Participants highlighted the difficult task ahead when it comes to data collection

Ideas for new public revenue sources, such as subsidy reforms and levies, could be revisited at a 2027 checkpoint.

Finally, there was emphasis on ensuring Article 2.1(c) alignment complements rather than substitutes public finance commitments, with UNFCCC guidance needed to prevent risk burdens from falling on countries with the least capacity.

4. DEFINITIONS, ACCOUNTABILITY, AND TRACKING

Credibility requires shared definitions and transparent tracking. Proposals included adopting a climate-finance definition with clear exclusions (e.g., commercial loans at market rates; carbon credits with high double-counting risks; fossil finance). Participants called for granular sub-targets by instrument/type, and monitoring aligned to evolving needs rather than headline figures alone. The Standing Committee on Finance (SCF) was repeatedly highlighted with the 7th Biannual Assessment (BA) seen by some as the first test and then the report expected in 2028 for tracking NCQG progress, with suggestions to align to GST cycles (starting with GST-2). Suggestions were made to publish delivery plans before 2028, then bi-annually from 2028 onward. Only a minority of contributors are seen as meeting "fair share" expectations; multi-year delivery plans with interim milestones (including adaptation shares and grant components, avoiding ODA double-counting) were urged. Participants also flagged the importance of discussions around Article 9.5 of the Paris Agreement, as it is the first time it will be discussed after the NCQG adoption

5. ACCESS AND COUNTRY OWNERSHIP

There is a need to define "access" and measure it across application, approval, disbursement and implementation processes. Country platforms can help only if they reinforce genuine country priorities rather than donor 'wish lists.' A persistent mismatch surfaced: weak adaptation project pipelines due to capacity constraints on the one hand, and funds reporting difficulty in spending adaptation allocations on the other. Calls included direct capacity support, technical assistance, and tools that enhance access without eroding country ownership.

6. ADAPTATION FINANCE AND CHANNELS

Adaptation is underfunded and some participants flagged that adaptation finance needs to be tripled, with robust indicators linked to the Global Goal on Adaptation (GGA). Several voices pressed for "people-first" channels (local actors, SMEs, smallholders), pragmatic financing routes, and a holistic view that moves beyond the adaptation versus development "false choice." Many participants raised questions around how to secure the balance between mitigation and adaptation under the new climate finance goal and in the context of the GGA decision. The fact that the Adaptation Fund will now move under the Paris Agreement was already flagged as an important aspect of the discussion.

Participants also noted the importance of public finance for adaptation, loss and damage, and for de-risking investments in developing countries. Some also noted that proposals received for adaptation are few, and many developed actors do not know how to spend money in developing countries, i.e., there is a capacity-building issue as well. Others noted that it is also true that accessibility to finance, particularly for adaptation is constrained and requires streamlining.

BEYOND BELEM: STRATEGIC AND POLITICAL LINKAGES

Participants urged COP guidance while engaging other fora: G20, Financing for Development processes, and the Coalition of Finance Ministers for Climate Action. The Roadmap is an opportunity to bring coherence and direction to fragmented debates, bridge technical ambition with political realism, and reflect lessons from diverse fora and country experiences. Time is short, so expectation management matters, but participants still viewed the Roadmap as a way to connect efforts and build momentum.

On a broader note, participants noted the need for a systemic approach to aligning the international financial architecture with global climate goals. More specifically, it was suggested that better science-based financial reform is crucial to achieve the long-term temperature target and adaptation goals of the Paris Agreement in an equitable manner. Developing space for comprehensive discussion on economic policy, climate action and developmental planning were also emphasized.

Overall, the discussions highlighted the need for clearer goals, stronger accountability, and better coordination to ensure that future climate finance efforts are effective, equitable, and aligned with global climate goals.

LIST OF ORGANIZERS

WORKSHOP 1

BAKU TO BELEM ROADMAP: PATHWAY TO A MEANINGFUL OUTCOME

(18 JUNE 2025, BONN)

Climate Action Network International

Centre for Science and Environment

Christian Aid

GFLAC

Recourse

Oil Change International

Germanwatch

WORKSHOP 2

ADVANCING CLIMATE FINANCE: PATHWAYS TO MEANINGFUL OUTCOME FOR COP30 AND BEYOND

(7 SEPTEMBER 2025, ROME)

Climate Action Network International

Observatorio Do Climate

Centre for Science and Environment

Oil Change International

Recourse

ECCO

Oxfam Brazil

FOR MORE DETAILS, PLEASE CONTACT

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