LUCCC UNI-LEAD

Short course 1: *Basics of Climate Finance in the LDC Context*

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This workbook is part of **Short Course 1:** ***Basics of Climate Finance in the LDC Context.*** It is packaged together with the associated PowerPoint presentation and an Instructor's Guide. This short course is the first in a series of five climate finance short courses developed by the UNI-LEAD project to strengthen capacities of universities within the LDC University Consortium on Climate Change to provide technical advice and services to their governments for increased access to climate finance. The project is funded by the GEF, implemented by UNEP and executed by START International in partnership with Climate Analytics, Inc.

List of acronyms and abbreviations

AF	Adaptation Fund
AGN	African Group
AILAC	Alliance of Latin America and Caribbean
AOSIS	Alliance of low-lying and small island developing states
COP	Conference of the Parties
CPI	Climate Policy Initiative
DAEs	Direct Access Entities
GCF	Green Climate Fund
GEF	Global Environment Facility
GST	Global Stocktake
IAEs	International Accredited Entities
INC	Intergovernmental Negotiating Committee
IPCC	Intergovernmental Panel on Climate Change
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries Group
LDF	Loss and Damage Fund
NAPAs	National Adaptation Programmes of Action
NAPs	National Adaptation Plans
NCQG	New Collective Quantified Goal on Climate Finance
NDCs	Determined Contributions
OECD	Organization for Economic Co-operation and Development
SCCF	Special Climate Change Fund
SCF	Standing Committee on Finance
SIDS	Small Island Developing States
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WMO	World Meteorological Organization

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Course introduction

This short course content will provide you with a foundational understanding of climate finance, including its landscape, mechanisms, and challenges. You will also gain insights into the complexities of climate negotiations and the barriers to accessing adequate financing for climate change adaptation efforts.

What to find in this course and where?

The course is made up of four sessions as visualized in Figure 1 below:

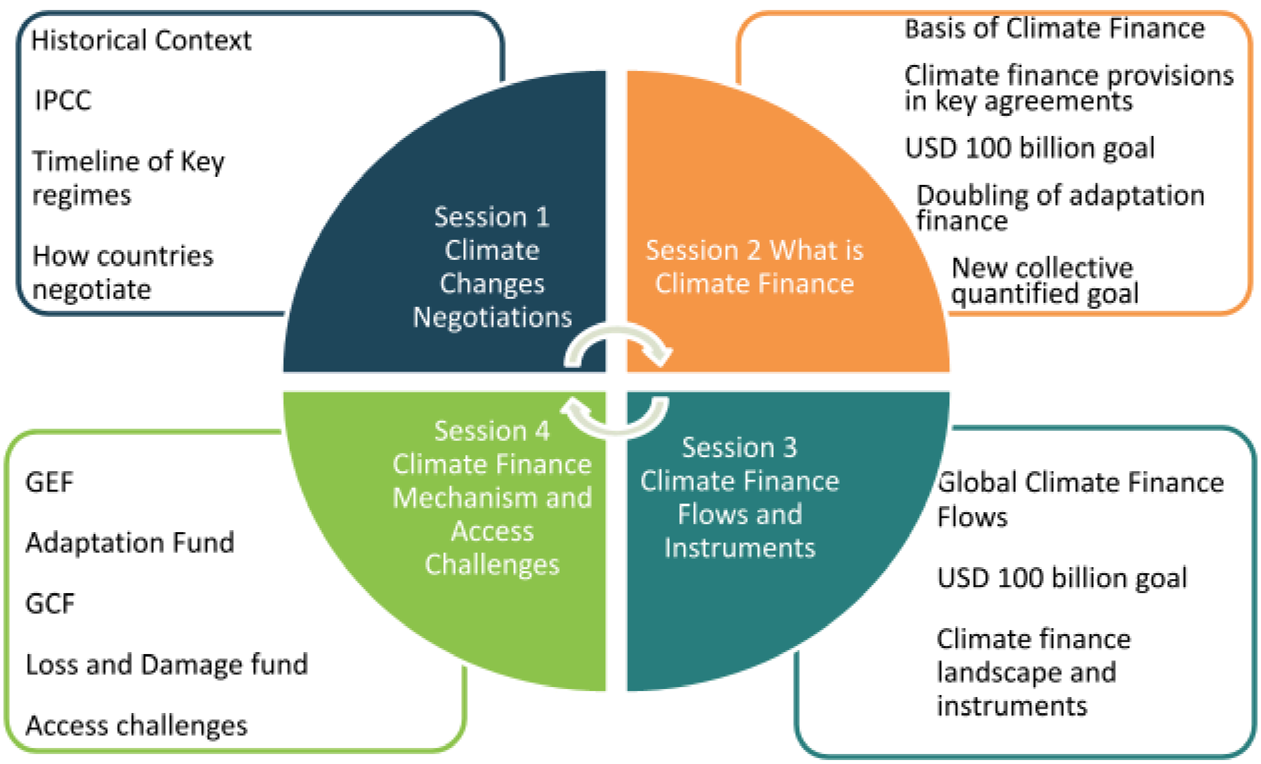


Figure 1: Course Sessions

Session one – Climate change negotiations

1.1. Introduction

This session will provide you with an overview of the background of climate change negotiations. It is designed to help you understand the historical context of climate change negotiations and how countries negotiate under the UNFCCC process.

1.2. Learning objectives

On completion of this session, you will have a better understanding of:

- The origins of climate change negotiation and its evolution over time.
- How countries negotiate in the UN Climate Change process and influence decisions of negotiated outcomes

1.3. Historical context

1.3.1. Origins of Climate Change Negotiations

The history of climate change negotiation dates back to the early 1960s and 70s when scientists raised concern over the relationship between global temperature and atmospheric levels of CO_2.

In the 1970s, concerns over human contributions to increasing CO_2 prompted the convening of the first World Conference in 1979. In 1988, the World Conference on the Changing Atmosphere: Implication for Global Security was held in Toronto, and the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) collectively established the Intergovernmental Panel on Climate Change (IPCC).

1.3.2. About the IPCC

The IPCC is the United Nations Body charged with assessing the science related to climate change. It provides regular assessments of the scientific, technical and socio-economic knowledge about climate change, its impact and future risks, and strategies for adaptation and mitigation.

For the assessment reports, thousands of scientists dedicate their time voluntarily to evaluate numerous scientific papers published annually. Their aim is to offer a thorough overview of the understanding regarding climate change drivers, its impacts, future risks, and the potential of adaptation and mitigation strategies in alleviating these risks.

The IPCC has three Working Groups: Working Group I, dealing with the physical science basis of climate change, Working Group II, dealing with climate change impacts, adaptation and vulnerability, and Working Group III, dealing with mitigation of climate change. It also has a Task Force on national greenhouse gas (GHG) inventories that develop methodology on GHG emission and removals.

IPCC assessments provide governments, at all levels, with scientific information that they can use to develop climate policies. IPCC assessments are a key input into international negotiations to tackle climate change. IPCC reports are drafted and reviewed in several stages, thus guaranteeing objectivity and transparency.

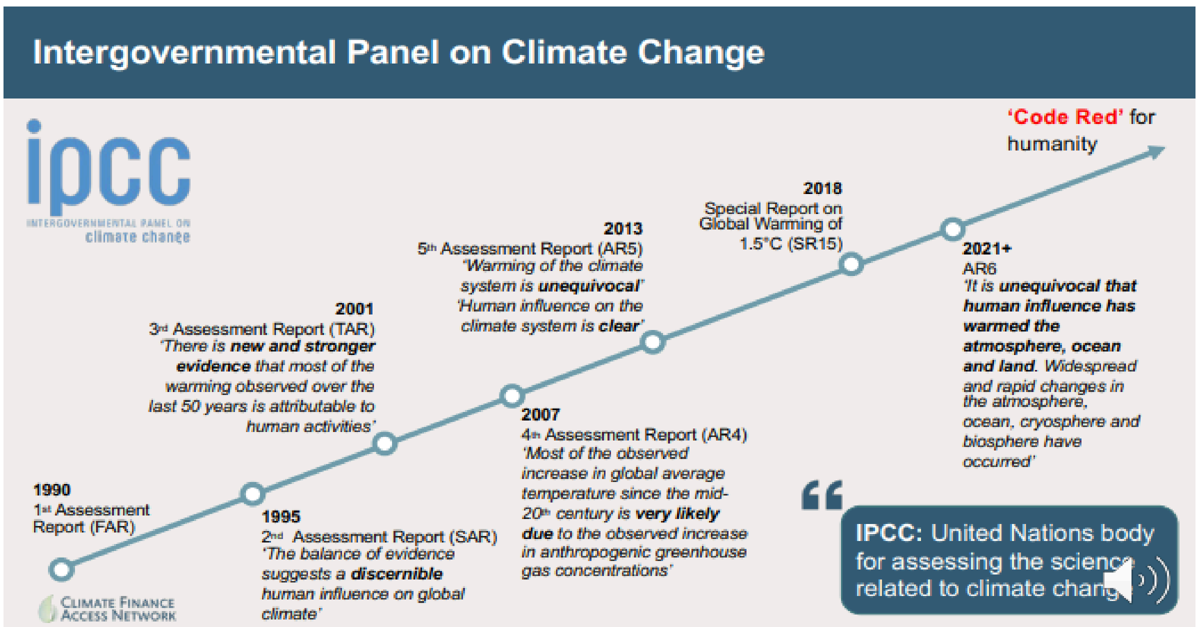


Figure 2: Timeline depicting the publication of assessment reports released thus far

Source: CFAN

The first assessment report, published in 1990, stated that certain emissions resulting from human activities are substantially increasing the atmospheric concentration of greenhouse gas. Since then, comprehensive scientific assessment reports (AR) have been published every 6-7 years. The AR6 synthesis report was published in 2023. Over time, scientific certainty of human influence on climate change has become clear and overwhelming. You can see how the language over the period changes:

- 1995 – 'discernable'
- 2001 – 'new and strong evidence'
- ….
- AR6 (2023) – 'human activities have unequivocally caused global warming, with surface temperature reaching to 1.1^{0}C. Human-caused climate change is already affecting many weather and climate extremes in every region across the globe. This has led to widespread adverse impacts and related losses and damages to nature and people'.

1.3.3. Timeline of key moments in UNFCCC

In 1991, the first meeting of the Intergovernmental Negotiating Committee (INC) took place in Washington D.C. In May 1992, the INC adopted the United National Framework Convention on Climate Change (UNFCCC) at the UN Headquarters in New York. The Convention was opened for signature at the Rio Earth Summit in June 1992 and entered into force on 21 March 1994.

Today, it has near-universal membership. The 198 countries that have ratified the Convention are referred to as Parties to the Convention. The ultimate objective of the Convention is:

> Stabilization of greenhouse gas concentration in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

> Allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner

The UNFCCC itself includes no binding emission reduction target and no enforcement mechanisms. The first Conference of the Parties (COP) was held in 1995 in Berlin. Since then, countries have come together annually to discuss and negotiate how to implement the objectives of the Convention.

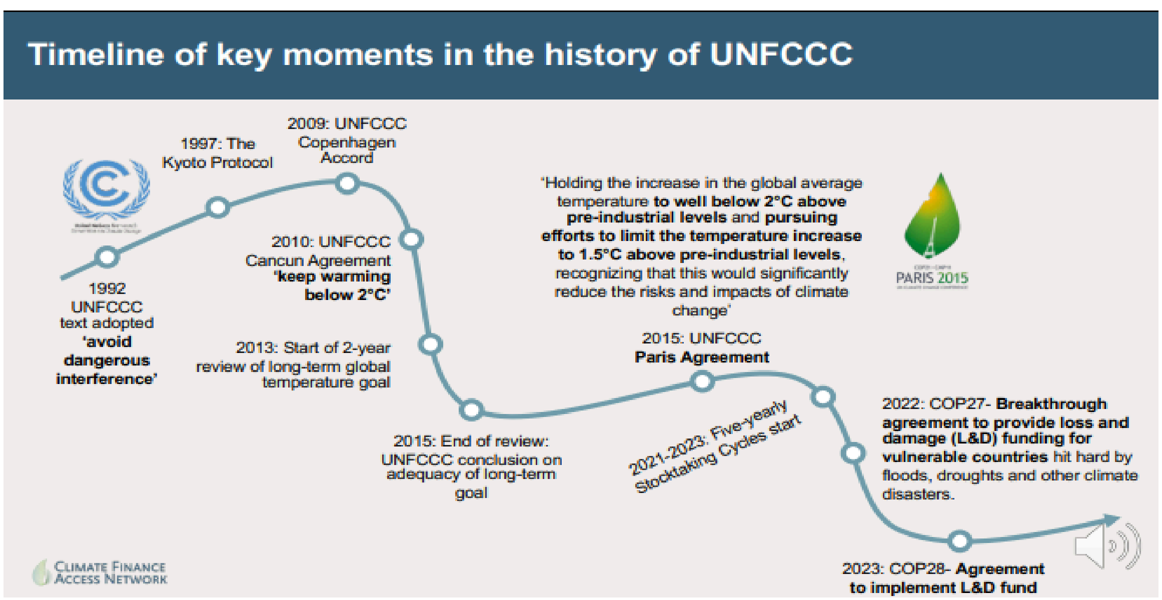


Figure 3: Timeline of key events since 1995 to date, Source: CFAN

1997, COP3, Kyoto

●The Kyoto Protocol was adopted on 11 December 1997 and entered into force on 16 February 2005. Currently there are 192 Parties to the Kyoto Protocol.

●The Kyoto Protocol sets binding emission reduction targets for 37 industrialized countries and economies in transition and the European Union.

●The overall target is an average 5% emission reduction compared to 1990 levels over five year period 2008-2012 (First commitment period)

2009, COP15, Copenhagen

●Hopes for a comprehensive climate agreement to extend the Kyoto Protocol beyond 2012 did not materialize.

●Led to an agreement of the Copenhagen Accord, an important milestone as it led to the establishment of the Green Climate Fund as an operating entity of the financial mechanism of the Convention.

●Further it led to an agreement of developed countries' commitment to a goal of jointly mobilizing USD 100 billion per year by 2020 to address the needs of developing countries.

2010, COP16, Cancun

●Cancun Agreement was a stepping stone towards Paris Agreement.

●Governments agreed to develop plans to reduce GHG emission and to help developing countries to protect themselves from climate impacts and build their sustainable futures.

2015, COP21, Paris

On 12 December 2015, at COP21, the Paris Agreement was adopted by 196 Parties. It entered into force on 4 November 2016. The Paris Agreement is a legally binding international treaty on climate change. The overarching goal of the Paris Agreement is to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels”. In 2018, at COP24, the rule book of the Paris Agreement to support implementation of the Paris Agreement was adopted, and the Global Stocktake process of the Paris Agreement was launched.

The Global Stocktake (GST) of the Paris Agreement is a process that aims to assess the world’s collective progress towards achieving the purpose of the agreement and its long-term goals. The first GST took place from 2021-2023 and concluded at COP28. The process will be repeated every five years.

More details on Global Stocktake can be found here:
About Global Stockatke:
https://unfccc.int/topics/global-stocktake/about-the-global-stocktake/why-the-global-stocktake-is-important-for-climate-action-this-decade

FCCC/SB/2023/9. Technical dialogue of the first global stocktake - Synthesis report by the co-facilitators on the technical dialogues- https://unfccc.int/event/sbi-59?item=8

Decision 1/CMA.5 - Outcome of the first global stocktake:
https://unfccc.int/decisions?f%5B0%5D=body%3A4099

2022, COP27, Sharm el-sheikh

At COP27 in Sharm el-Sheikh, Egypt in 2022, there was a breakthrough agreement to provide 'loss and damage' funding for vulnerable countries impacted by climate disasters. This was widely lauded as a historic decision, because for the first time, countries recognised the need for finance to respond to loss and damage associated with catastrophic effects of climate change, and agreed to establishing a fund and necessary funding arrangements.

2023, COP28, Dubia

In 2023, at COP28 in Dubai, United Arab Emirates, countries agreed to operationalize the Loss and Damage Fund, and the funding arrangements for responding to loss and damage. More details will be discussed in Session 4

1.3.4. How countries negotiate under the UN Climate Change Process (UNFCCC)

As Parties to the UNFCCC, sovereign states negotiate through a process of consensus–all votes count. But it is difficult to reach consensus. Countries are very diverse: economically, socially and environmentally, and their capacities to respond and feelings of responsibility also differ markedly.

Countries may play "negotiation games" to try to get a better outcome, potentially at the expense of others. So, scientific basis and certainty is very important for vulnerable countries to support their arguments. In order to have their substantive interests better presented at negotiations, parties usually organize themselves in "like-minded" groups.

1.3.5. Major Negotiating Groups

Following United Nations tradition, Parties are grouped into **five regional groups**, primarily for electing the **Bureau*:** African States, Asia-Pacific States, Eastern European States, Latin American and the Caribbean States, and the Western European and Other States (the "Other States" include Australia, Canada, Iceland, New Zealand, Norway, Switzerland and the United States of America, but not Japan, which is in the Asian Group).

However, the five regional groups do not represent the substantive interests of Parties as it is a diverse group with differing interests and issues in climate change, sub-groups such as LDCs Group, AOSIS, African Group, AILAC, LMDC and individual countries hold more significance in climate change negotiations. Few of the grouping examples are provided below:

***What is the Bureau of the COP, CMP and CMA ?**

The Bureau of the COP, CMP and CMA consists of 11 members: President, Vice-Presidents, Chairs of the Subsidiary Bodies and rapporteurs. The Bureau is elected from representatives of Parties nominated by each of the five United Nations regional groups and Small Island Developing States. There is no representation at the Bureau from the Least Developed Countries Group but the Chair of the LDC Group attends the Bureau meetings as an observer.

The Bureau provides advice and guidance on the ongoing work under the Convention, Kyoto Protocol and Paris Agreement, organizations of their sessions, operation of the Secretariat and in-between sessions. It also assists the President in delivery of his/her duty, process management, examining credentials of Parties, and reporting on conferences.

G77 and China - Developing countries including China, India, Brazil, etc. generally work through the group of G77 and China to establish common negotiating positions. It was founded in 1964 in the context of the UN Conference on Trade and Development and now functions throughout the UN system. As of May 2014, there are 135 members in the Group. The chair of the G77 in New York, which rotates every year, often speaks for the G77 and China as a whole. It is a very diverse group with differing interests and issues in the climate change negotiations and often do not have common positions in many of the thematic areas. However, when the G77 and China are able to have a common position, it becomes strong in the climate negotiation and often achieves the outcomes. For instance, at COP27 in Egypt, the sub-groups under G77 and China were able to come together with a common position on the establishment of a fund for responding to loss and damage. It was a breakthrough achievement in COP27.

Least Developed Countries Group (LDCs Group) - LDCs are a group of 45 low-income countries, highly vulnerable to the impacts of climate change, and which have significant capacity constraints.

The special needs and circumstances of the LDCs was recognised in Article 4.9 of the Convention and mandates Parties to "take full account of the special needs and special situations of the LDCs in their actions with regard to funding and transfer of technology" to combat Climate Change. This call was repeated in the 2015 Paris Agreement and highlights LDCs as countries that have significant capacity constraints and are particularly vulnerable to climate change. United by common interests and circumstances, the LDCs have been negotiating as a unified Group within the UNFCCC process since 2001 to ensure that their priorities are adequately represented in the final negotiation outcomes. By negotiating collectively as a Group, individual LDCs are empowered with a stronger voice, enabling them to advocate more effectively for their interests and ensuring fair and equitable outcomes from the UNFCCC process.

The Group strives to align with the long-term objectives of the Paris Agreement, which include limiting the global temperature increase to 1.5°C, enhancing adaptive capacity, fostering resilience to climate change, and ensuring financial flows are consistent with low greenhouse gas emission trajectories and climate resilient development. In the negotiations, the LDC Group often forms alliances with groups such as AOSIS (Alliance of low-lying and small island developing states), AGN (African Group of Negotiators), AILAC (Alliance of Latin America and Caribbean) who share similar issues and priorities.

The LDC chairperson provides leadership to the LDC Group. The LDC Chairperson represents LDC voices and interest by consensus and defends agreed-upon positions in all aspects of the negotiations. The Chairperson is supported by the thematic coordinators and co-coordinators, the Elders, representatives to the various constituted bodies of the UNFCCC, experts and partner institutions. The chairperson rotates every two years among the three regional Groupings of Anglophone Africa, Francophone Africa, and Asia-Pacific and Caribbean regions. The LDC Group is governed by the LDC Charter and the LDC Election Guideline.
More details can be found here: https://www.ldc-climate.org/

1.4. Exercises, guiding questions

- Have you participated in any negotiation (climate focussed or otherwise) and what was your experience?
- Have you ever witnessed 'negotiation games' in a meeting of collaborative process (climate focused or otherwise)?
- Do you think that your government officials are well prepared for the climate change negotiations ? If not what do they need to improve their skills?

Session two – What is climate finance?

2.1. Introduction

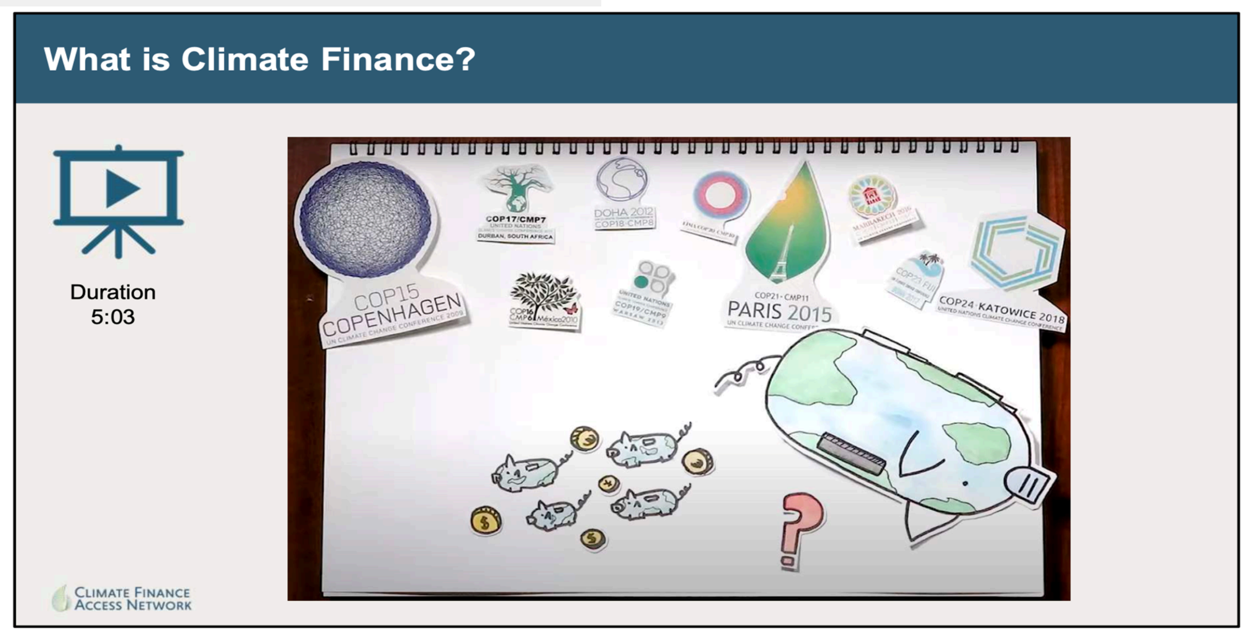
The imperative to sufficiently finance adaptation and mitigation actions is central to the UN climate negotiations. Therefore, this session builds on the previous session's overview of the climate negotiation processes and dynamics. It provides basic broad understanding of climate finance, climate finance provisions in the Convention and the Paris Agreement, and the state of climate finance in the negotiation to support implementation of the Paris Agreement and the Convention.

2.2. Learning objectives

On completion of the session, you will be able to understand:

- the basics of climate finance.
- the climate finance provisions in the Convention and Paris Agreement
- the state of climate finance in the negotiation under the UNFCCC process.

2.3. What is Climate Finance?



After watching the video (What Is Climate Finance?), respond to the following questions:

- Do you agree or disagree that the polluters should pay both for mitigation and adaptation of climate change?
- Why did the video say that climate finance should mostly be grants? Do you agree or disagree with this point of view?
- Why would Least Developed Countries (LDCs) and Small Island Developing States (SIDS) pursue loans or equity over grants for climate actions?

2.4. Climate Finance Definition

There is no commonly agreed definition on climate finance, and many different ones are used by the IPCC, OECD, MDBs, etc. However, the UNFCCC and the Standing Committee on Finance use the following definitions:

According to UNFCCC, Climate Finance refers to "***local, national and transnational financing** – drawn from **public, private and alternative sources of financing** – that seeks to support **mitigation and adaptation actions** that will address climate change".*

*According to the Standing Committee on Finance, the operational definition of climate finance "aims **at reducing emissions, and enhancing sink of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems** to negative climate change impacts".*

Text box 1: Additional definitions of climate finance used by other agencies

Institution	Climate Finance Definition
IPCC	The term 'climate finance' is applied to the financial resources devoted to addressing climate change by all public and private actors from global to local scales, including financial flows to developing countries to assist them in addressing climate change. Climate finance aims to reduce net greenhouse gas emissions and/or enhance adaptation and increase resilience to the impacts of current and projected climate change. Finance can come from private and public sources, channeled by various intermediaries, and is delivered by a range of instruments, including grants, concessional and non-concessional debt, and internal budget reallocations.
OECD	OECD DAC members and, by extension, most developed country Parties, including their development agencies and development finance institutions, and philanthropic foundations use Rio markers to identify activities targeting mitigation and/or adaptation objectives under the DAC statistical system.
MDBs	Since 2011, MDBs have reported their mitigation and adaptation finance activities and in 2015, issued common principles for climate change mitigations and adaptation finance tracking.

2.5. About the Standing Committee on Finance (SCF):

The Standing Committee on Finance (SCF) was established at COP16 in Cancun to support the COP and the CMA with improving coherence and coordination in the delivery of climate change financing; rationalization of financial mechanisms; mobilization of financial resources; and measurement, reporting and verification of support provided to developing country Parties.

The SCF has been working on the definition of climate finance as part of the Biennial Assessment since 2014. In 2022, as requested by the Parties, SCF prepared a report providing an overview of definitions of climate finance in use by Parties in their reporting under the Convention and the Paris Agreement, an overview of definition of climate finance in use in contexts outside the Convention and the Paris Agreement by climate finance providers, data aggregators and governments.

In 2023, the SCF, prepared a report on clustering types of climate finance definitions that could be considered within the UNFCCC process, including with a view to updating the operational definition of climate finance of the SCF. The report also presents key challenges and limitations including defining the scope of the definition, as the definitions of climate finance are often developed for different purposes.

The two reports are available for additional reading:
FCCC/CP/2022/8/Add.2 & FCCC/PA/CMA/2022/7/Add.2 - Report of the Standing Committee on Finance - Work on definition of climate finance: https://unfccc.int/documents/620533
UNFCCC SCF 2023, Report on clustering types of climate finance definitions in use: https://unfccc.int/sites/default/files/resource/Definitions_final_231117%20BLS23393%20UCC%20Climate%20Finance.pdf?download

2.6. Climate finance provision in the Convention and the Paris Agreement

Climate finance is a key enabler for raising climate ambition and action. The Convention, Kyoto Protocol and the Paris Agreement call for financial assistance from Parties with more financial resources to those that are less endowed and more vulnerable. Climate finance is needed for mitigation and adaptation, to significantly reduce emissions, to adapt to the adverse effects of climate change, and to respond to loss and damage.

In accordance with the principle of "common but differentiated responsibility and respective capability" set out in the Convention, developed country Parties are to provide financial resources to assist the developing country Parties in implementing the objectives of the Convention. The Paris Agreement reaffirms the obligations of the developed countries, while for the first time encouraging voluntary contributions by other Parties. According to the Convention, developed country Parties should lead in mobilizing climate finance from a wide variety of sources, instruments and channels, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.

Some of the specific provisions of climate finance in the Convention and Paris Agreement that mandate developed country Parties to support developing country Parties are provided below:

The Convention

- *Article 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, paragraph1.*
- Article 4.9 – **A special consideration to be given to LDCs.** *The Parties shall take full account of the special needs and special situations of the LDCs in their actions with regard to funding and transfer of technology.*
- *Article 11.1 -* **A mechanism to provide financial resources on a grant or concessional basis, including for the transfer of technology, is defined***. It shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programs, priorities and eligibility criteria related to this Convention. Its operation shall be entrusted to one or more existing international entities.*

The Paris Agreement :

- *Article 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.*
- *Article 9.2 - **Other Parties are encouraged to provide or continue to provide such support voluntarily**.*
- *Article 9.3 - As part of a global effort,* **developed country Parties should continue to take the lead in mobilizing climate finance** *from 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.*
- *Article 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 LDCs and SIDS, considering the need for public and grant-based resources for adaptation.*

- *Article 9.8 – The Financial Mechanism of the Convention, including its operating entities, shall serve as the financial mechanism of this Agreement.*

The principles and agreements provisioned in the Convention and the Paris Agreement serves as a basis for climate finance negotiations and support for climate action in the developing countries.

2.7. Climate finance and USD 100 billion goal

At the 15th Conference of the Parties (COP15) of the UNFCCC held in Copenhagen in 2009, developed countries committed to collectively mobilize $100 billion per year by 2020 to support the needs of the developing countries. This commitment was formalized at COP16 in Cancun and reaffirmed at COP21 in Paris, where it was also extended until 2025.

In 2021, at COP26, Parties noted with serious concerns the gap in relation to the fulfillment of the goal and requested SCF to report on the progress on the goal at COP27. Subsequently, at COP27 in 2022, SCF and Organisation for Economic Co-operation and Development (OECD) reports showed that mobilized funds were indeed USD16.7 billion short of the USD 100 billion per year by 2020 goal.

About OECD

The Organization for Economic Co-operation and Development (OECD) is an international organization that works to build better policies for better lives. Its goal is to shape policies that foster prosperity, equality, opportunity and well-being for all.

Together with governments, policy makers and citizens, OECD works on establishing evidence-based international standards and finding solutions to a range of social, economic and environmental challenges. Furthermore, it provides a unique forum and knowledge hub for data and analysis, exchange of experiences, best practices sharing, and advice on public policies and international standard-settings, for improving economic performance and creating jobs to fostering strong education and fighting international tax evasion.

Climate Finance and the USD 100 billion Goal:

The OECD has been tracking progress of the USD 100 billion goal since 2015 and publishes a report series (figure 4). In 2022, when SCF prepared a report on the progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries, OECD report series was one of the reference documents.

In 2023, the report presents a significant increase of 7.6% over the previous year. The report also provides a breakdown of thematic areas, sectors, instruments, and by regions. The key findings of the report are highlighted below:

- In 2021, total climate finance provided and mobilized by developed countries to developing countries amounted to USD89.6 billion, still short by USD10.4 billion of the $100 billion goal that was to be met by 2020.
- Public climate finance (bilateral and multilateral) almost doubled over the period 2013-2021, from USD 38 billion to USD 73.2 billion, accounting for the vast majority of the total of USD 89.6 billion in 2021.
- Mitigation continues to dominate (60%) the total climate finance provided and mobilized, adaptation 27% and cross-cutting 13%.
- Public climate finance provided bilaterally and through multilateral channels reached USD73.2 billion in 2021. However, the majority is provided through loans (68%, USD49.6 billion), and grant accounts only 30% (USD20.2 billion), while equity investment remained marginal.
- Mobilized private finance remained low and showed a stagnating trend since 2017, at around 16% of the total financed provided and mobilized.

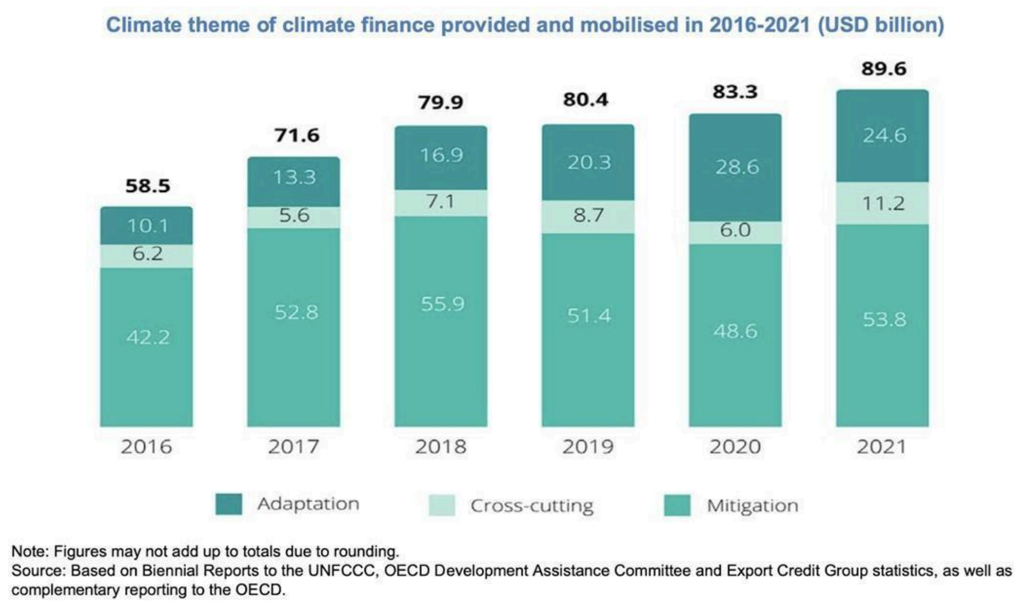


Figure 4: Progress of the USD 100 billion goal

It is interesting to look at the share of climate finance provided and mobilized for mitigation and adaptation. Of the total USD 89.6 billion provided and mobilized, 60% is for mitigation and only 27% is for adaptation. Furthermore, in 2021 adaptation finance dropped by USD 4 billion (-14%) resulting in a decrease in its share of total climate finance from 28.6% to 24.6% in 2021.

: Reported adaptation finance versus Oxfam's estimates of adaptation-only climate-specific net assistance (2019, 2020 and 2019–20 average)

Note: The red bars show reported adaptation finance as compiled by the OECD (OECD 2022a). The orange bars show Oxfam's estimate of climate-specific net assistance for adaptation finance based on OECD grant equivalent accounting. The green bars show Oxfam's estimate of climate-specific net assistance for adaptation using a more robust methodology to estimate grant equivalence. All figures show adaptation-only finance, not including 50% of cross-cutting finance. The orange and green bars show figures rounded to the nearest 0.5. See T. Carty and J. Kowalzig (2022) in bibliography for detailed methodology.

Figure 5: Oxfam climate finance shadow report on assessing the USD 100 billion goal

The Oxfam climate finance shadow report on assessing the USD 100 billion commitment (published in 2023) shows that of the USD 83.3 billion reported by OECD, only around USD 24.5 billion could be considered real support (figure 5). Furthermore, the adaptation share is only around USD 9.0 to 10.5 billion in 2020.

This clearly presents an imbalance between adaptation and mitigation finance. Adaptation finance falls far short of mitigation finance, pointing to the need to scale up financial resources to achieve a balance between adaptation and mitigation, and to address the priorities and needs of developing countries — especially those that are vulnerable to the adverse impacts of climate change and that have significant capacity constraints, as is the case with LDCs.

2.8. Doubling of finance for adaptation

In the Paris Agreement, Parties agreed to achieve a balance between adaptation and mitigation finance. However, in practice adaptation has remained consistently underfunded as described above.

As climate change intensifies, climate impacts are becoming more severe and widespread, raising concerns of risk and compounding impacts that limit adaptation. The need for adaptation is urgently growing as the climate crisis unfolds and worsens the lives and livelihoods of vulnerable communities. The Adaptation Gap Report 2023 (UNEP, 2023) highlights that the adaptation finance needs for developing countries are estimated at USD 215-387 billion annually up until 2030. The report also highlights that the progress on adaptation is slowing across all areas - financing, planning and implementation, when it should be rapidly accelerating. This will have a massive implication for developing countries in particular the vulnerable countries as they are in the forefront of the climate crisis with the least capacity to deal with it.

In 2021 at COP26, Parties agreed to at least double their collective provision of climate finance for adaptation to developing countries from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation. However, since there was no mechanism to track progress, the Standing Committee on Finance was requested to prepare a report on doubling of adaptation finance for consideration at COP28.

2.9. New collective quantified goal on climate finance

The New Collective Quantified Goal on Climate Finance (NCQG) is a new global climate finance goal that the Parties have decided to establish, prior to 2025, from a floor of USD 100 billion per year, taking into account the needs and priorities of the developing countries. This was decided in 2015 at COP21 by decision 1/CP.21, para 53.

In 2021 at COP26, an ad-hoc work programme for 2022-2024 was established to initiate deliberations on setting the NCQG. Through 2022 and 2023, the co-chairs of the ad-hoc work programme advanced the technical work through submissions, technical experts dialogue, high-level ministerial dialogues, etc. At least four technical experts' dialogues were held each year for in-depth technical discussion on key elements of the NCQG. These dialogues are organized on the basis of the submissions received from Party and non-Party stakeholders and are open to all interested Parties, academia, civil society actors, including youth, and private sector actors and be webcast.

In 2023 at COP28, in order to transition the mode of work to enable the development of draft negotiating text for consideration at COP29 in 2024, requested the co-chairs to:

- Develop a workplan that include themes for in-depth technical discussions and the approach to preparing a substantive framework for a draft negotiating text;
- Conduct at least three technical experts dialogues in 2024 back-to-back with three meetings under the ad-hoc work programme to develop the substantive framework for a draft negotiating text.

The key elements of the NCQG include:

Quantum	Discussion focused on approaches to determining the quantum of the NCQG rather than setting the quantum of the NCQG. Some of the discussion options include setting the quantum based on information on needs and priorities of developing countries; quantum based on outcomes to be achieved in the context of Article 2 of the Paris Agreement; quantum based on a certain percentage of the GNI or GDP of developed countries; quantum based on scope and structure of the NCQG; or combination of the options provided, etc
Structure	What should be the structure of the goal - multi-layered structure or thematic structure with quantitative targets or sub-goals by thematic areas such as mitigation, adaptation, and loss and damage, or a quantitative goal with time frames and underlying principles, etc.
Timeframe	What should be the timeframe of the goal. Should the timeframes be short-term (five years, eg. 2025-2029), medium-term (10 years, eg. 2025-20234), long-term or combination of time frames? Should the goal be reviewed every ten years, five years, every year?
Source of Finance	What are the potential sources of finance - public sources of finance particularly grant-based finance for adaptation and addressing loss and damage, concessional loan for mitigation, private sources, innovative sources, etc. or a multi-layered approach with international public sources at the core of the NCQG, and private and innovative sources as the outer layer, with arrangement for tracking finance flows.
Quality and access	How to address qualitative elements of the goal including access, debt sustainability, concessional funding, high transaction cost, etc.
Transparency arrangement	How to track and review progress towards the new goal. Should it be done through the existing Enhance Transparency Framework, or should it be done leveraging data from multiple sources, what should be the frequency of reporting -annual, biennial, periodic reporting based on milestones or combination of reporting frequencies? The definition of climate finance is key for adequate accounting and transparency of the goal. Without definition, it is unclear what accounts for climate finance and what is not.

The 9th Technical Expert Dialogue and first meeting of the ad-hoc work programme of the NCQG was held on 23-26 April 2024 in Cartagena, Columbia.

While the technical discussions have helped advance understanding on each of the elements of the NCQG, there are still divergent views between developed and developing country Parties on many of the elements of the NCQG. For instance, there is no consensus on the overall mandate and scope of the goal. Developed country Parties are of the view that this is a global efforts and goal must be consistent with Article 2, paragraph 1(c) of the Paris Agreement, which aims to strengthen the global response to the threats 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 emission and climate resilient development. Whereas the developing country Parties are of the view that NCQG and its features must be in accordance with principles and provision of the Convention and Article 9 of the Paris Agreement where developed countries shall provide financial resources to developing countries for climate actions to transparency and reporting issues. Without a climate finance definition, what is accounted as climate finance and what is not remains ambiguous.

More details on NCQG is available at https://unfccc.int/NCQG

2.10. Exercise, guiding questions

Why do you think a common climate finance definition is important under the climate regime?

Why do you think a common definition for climate finance is so difficult to establish? What implication do you think it will have on setting the NCQG?

2.11. Key takeaway messages from this session

- A common climate finance definition is key to understanding what is accounted as climate finance and what is not. This is critical for accounting and ensuring transparency to build trust among the Parties.
- Adaptation finance falls far short of mitigation finance. There must be concerted efforts to scale-up finance for adaptation to achieve a balance between adaptation and mitigation.
- The new collective quantified goal on climate finance must address the growing gaps on adaptation finance to protect the vulnerable countries from the adverse impacts of climate change

Session three – Global climate finance flows and instruments

3.1. Introduction

This session provides an overview of climate finance flows from developed to developing countries, trends, gaps and instruments to channel climate finance. It builds on elements of the previous session on the basics of climate finance, obligations under the Convention and Paris Agreement and the state of climate finance in the negotiation, this session takes you to yet another important discussion on the global climate finance flows and instruments.

3.2. Learning objectives

On completion of the session, you will be able to understand:

- Fundamentals of climate finance flows from developed to developing countries,
- Global climate finance flows trends and gaps, as well as
- Instruments and channels of climate finance flows.

3.3. Climate Finance Flows in 2019-2020

As mandated by the Parties, the Standing Committee on Finance (SCF) prepares a biennial assessment and climate finance flow report every two years. The fifth Biennial Assessment (BA) and climate finance flow was prepared in 2022. As illustrated above, the global climate finance flows were 12% higher in 2019-2020 than in 2017-2018, reaching an annual average of USD 803 billion. Mitigation finance remains the largest share of climate finance and it is largely driven by investment in clean energy, energy efficiency in building, and sustainable transport. Adaptation finance increased from an annual average of USD 30 billion in 2017-2018 to USD 49 billion in 2019-2020. However, it remained low compared to mitigation. Figure 6 presents an overview of climate finance flows in 2019-2020, prepared by the SCF as part of the Biennial Assessment Report 2022.

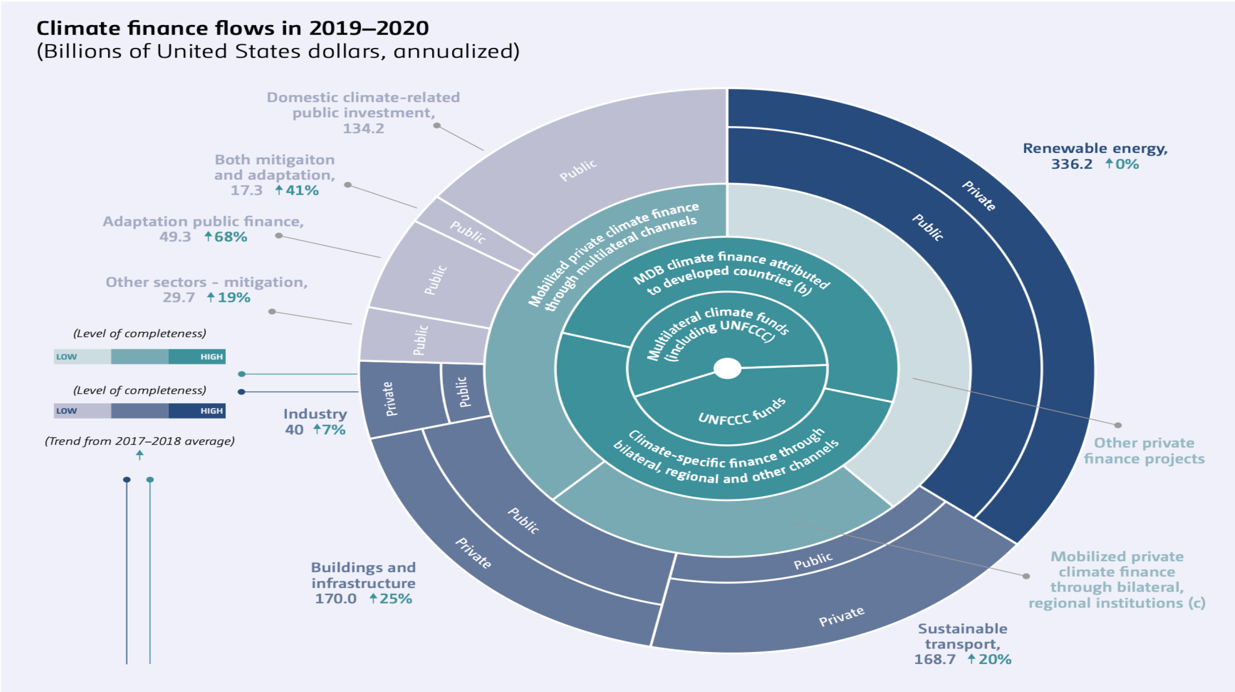


Figure 6: Overview of climate finance flows in 2019-2020

3.4. Climate Finance flows from developed to developing countries

The Organization for Economic Co-operation and Development (OECD) report (2023) estimated the climate finance flows from developed to developing countries at USD 89.6 billion in 2021 (public sources), whereas the Climate Policy Initiative (CPI) estimated the climate finance flows at USD 1.3 trillion in 2021/2022 (from public and private sources). CPI includes public (domestic, international and development financial institutions (DFI)) and private financing. Sectors include renewable energy and energy efficiency, transport, industry, agriculture, technology and adaptation.

3.5. Climate Finance Needs estimates

Given the pressing climate challenges confronting developing nations, assistance from developed countries is increasingly imperative. The Needs Determination Report by the SCF projects a funding requirement of approximately USD 5.8-5.9 trillion for the pre-2030 period to facilitate the implementation of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) in developing countries.

Additionally, the Adaptation Gap Report (UNEP, 2023) estimates the annual adaptation finance needs to range between USD 215 billion to USD 387 billion until 2030. According to the World Energy Transition Outlook (IEA, 2023), an estimated USD 4.3 trillion per annum is necessary for clean energy initiatives until 2030, with a further USD 5 trillion per year needed until 2050 to achieve net-zero emissions by mid-century. These substantial financing gaps were identified as pivotal outcomes of COP28 in Dubai.

3.6. Climate finance needs estimates for 2023-2050

CPI further estimates that in the average future scenario annual climate finance needed through 2030 will increase steadily from USD 8.1 trillion to USD 9.0 trillion. Subsequently, anticipated needs will surge to surpass $10 trillion annually from 2031 to 2050 (figure 7). **This highlights the need to increase climate finance by a minimum of five-fold annually, as quickly as possible, to avoid the most serious consequences of climate change.**

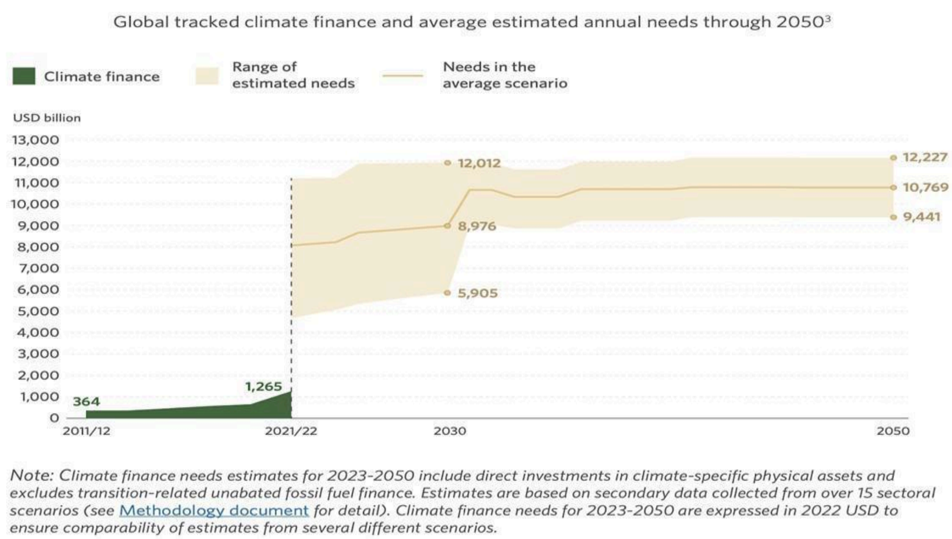


Figure 7: Scenario annual climate finance needed through 2050

This clearly shows the huge gap that exists between what is being provided and what is needed on the ground for implementation of Nationally Determined Contribution (NDCs), National Adaptation Plans (NAPs) and Long-term low emission climate resilient development strategy in developing countries.

3.7. Landscape of Climate Finance and Instruments

As indicated in figure 8 below, from the Global Landscape Climate Finance 2023 (CPI, 2023), shows the total climate finance flows in 2021/2022, and how these funds have been sourced, the type of instruments, uses and sectors:

- For sources and intermediaries: CPI includes public finance (domestic, international and DFI) and private financing (commercial FI, households/individual, institutional investors)

- Uses: are divided into mitigation, adaptation and cross-cutting/dual benefits.
- Sectors: include energy, transport, infrastructure, industry, energy efficiency for building and infrastructure, AFULU, and adaptation in the areas such as water, waste, early warning systems, etc.
- Instruments: mainly include grants, loan, and equity.

Key highlights of the report include:

- The average annual climate finance flows reached almost USD 1.3 trillion in 2021/2022, nearly doubling compared to 2019/2020 levels. Despite the growth in 2021/2022, current flows include about only 1% of the global GDP.
- The growth is due to an increase in mitigation finance, with the largest growth in renewable energy and transport sectors.
- Further it results from significant increase in clean energy investment in a handful of geographies. China, India, US, Brazil, Japan, and Europe received 90% increased funds. Climate finance in most-vulnerable countries show meager progress in meeting their needs.
- Climate finance is also uneven across sectors. Adaptation finance falls far short of estimated needs of USD 212 billion per year by 2030 for developing countries alone.

Financial Instruments

- On the instruments, debt was the most common financial instrument used to channel climate finance globally (USD 766 billion or 61%), followed by equity (USD 422 billion or 33%) and grant (USD 69 billion or 5%) of USD1.3 trillion.
- Of the total debt finance, USD 561 billion or 53% was provided at market rate, and only 11% was provided at concessional rate.
- Low cost project level debt constituted only 6% of the track climate finance and reached USD 76 billion in 2021/2022.
- Debt burden and debt sustainability remains a huge concern for developing countries and LDCs in particular.

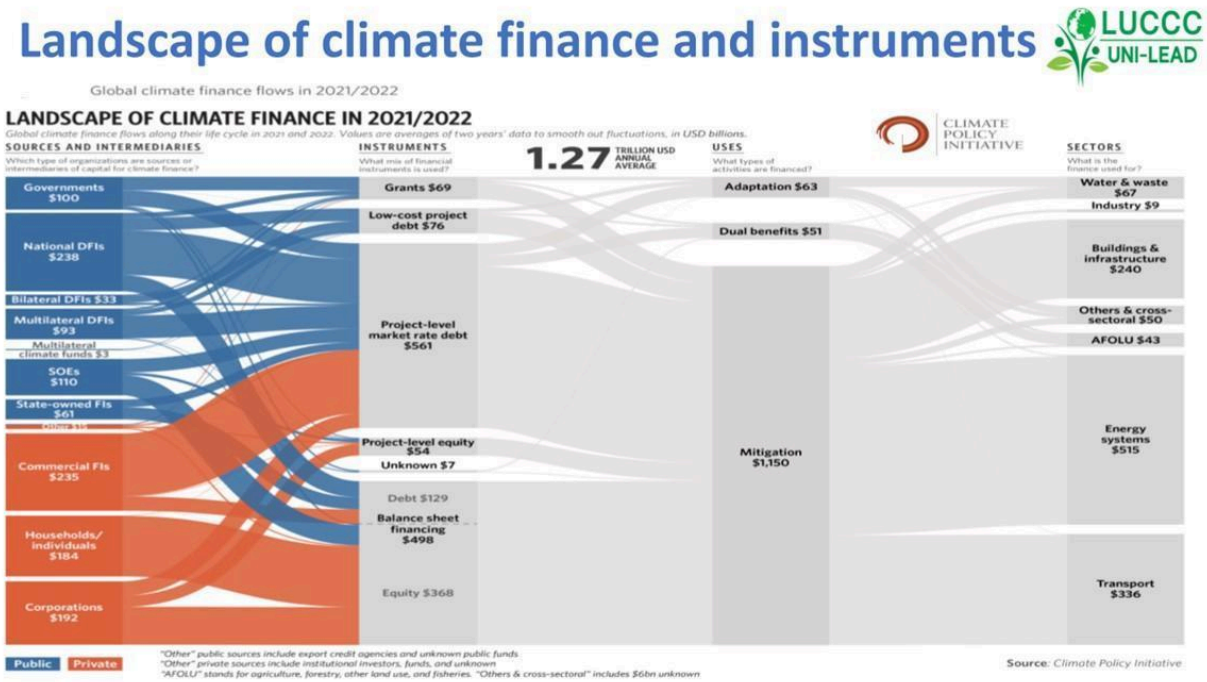
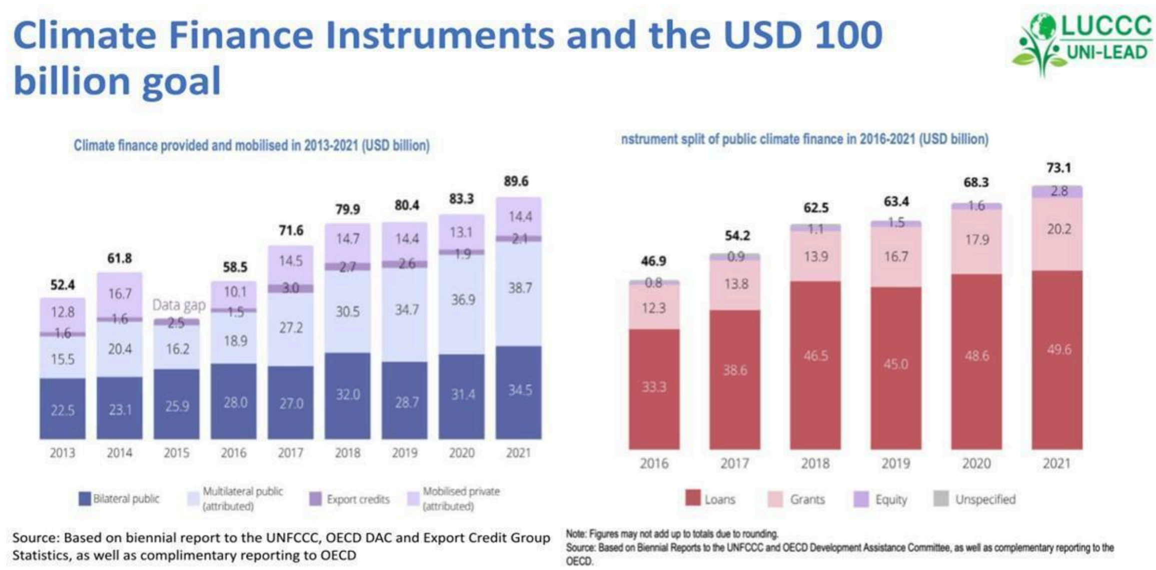


Figure 8: Global Landscape Climate Finance and Instruments 2023 (source: CPI, 2023)

Text box 2 - Explanation of the terminology of the financial instruments

Instruments	*Definition*
Grants	*-Usually applied to support activities unfunded by market (such as adaptation for vulnerable communities, capacity building of institutions, baseline data collection or feasibility studies). Grants can be reimbursable grants or non-reimbursable.*
Concessional Loan	*-Concessional loans are given in order to facilitate a high-impact climate action that would otherwise not take place. This level of concessionality can vary depending on the local context and circumstances.*
Equity	*- Used to leverage debt and allow for the possibility of better returns. This type of investment is typically used when a project has substantial risks but also has a chance of success with fair financial returns.*
Guarantees	*-Commitments by the finance providers that mitigate investment risk in which the guarantor agrees to fulfill the obligations of a borrower to a lender in case of a default. This can cover the entire investment or just a portion.*

3.9. Climate finance instruments and the USD 100 billion goal



The OECD report on the advancement of the USD 100 billion commitment aligns closely with the climate finance landscape depicted in the 2021/2022 analysis by the Climate Policy Initiative. Indeed, the principal mechanisms utilized for directing financial streams consist of loans, grants, and equity. Of the total USD 73.1 billion in public climate finance mobilized, loans accounted for 49.6%, grants constituted only 20.2%, while equity comprised a mere 2.8%. This underscores a significant apprehension, particularly as Least Developed Countries (LDCs) grapple increasingly with debt repayment challenges and are compelled to resort to loans for climate-related endeavors.

3.10. Climate finance landscape

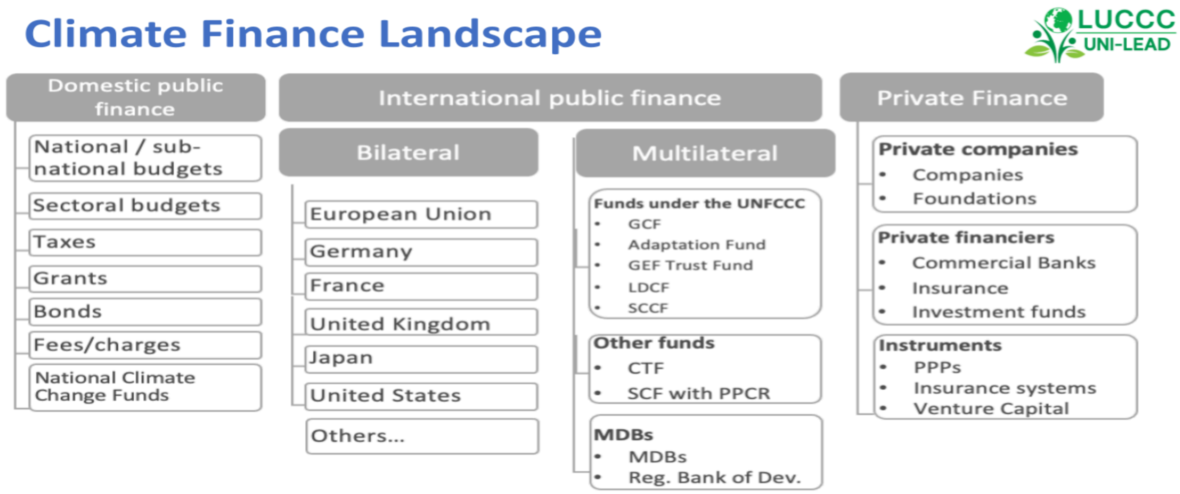


Figure 9: Climate Finance Landscape

Figure 9 provides a landscape of climate finance. Climate finance is sourced from domestic public finance, international (bilateral and multilateral public finance) and private sectors. At national level, governments support climate action through national and sub-national budgetary support, mainstream climate actions into the development planning and also put in place policy measures such as taxes, bonds, fees, etc.

At the international level, climate finance is accessed through bilateral and multilateral financial mechanisms. Private finance is key for climate action, but it remains a key concern for the developing countries in particular the LDCs and SIDS as there is less scope of private sector engagement in adaptation and loss and damage. Further, due to the limited and small scale of economy in many LDCs and SIDs, the private sectors are not interested. The OECD report 2023 on the $100 billion goal also shows that mobilized private finance remained low and stagnating since 2017, at around 16% of the total finance provided and mobilized from developed to developing countries.
The access to multilateral fund particularly the operating entities established under the UNFCCC will be discussed in the next session (Session 4)

3.11. Reflection, guiding questions

What do you feel are the three most pressing challenges for securing climate finance for implementing NDCs, NAPs and LTS in your own country and why?

What are your three key takeaway messages from the session?

3.12. Key take away messages

- There is no unified means of accounting climate finance and different methodologies exist.
- Debt sustainability and debt burden imposed on sustainable development and poverty eradication is a major concern for the vulnerable countries like LDCs and SIDS.
- While it is good to note the increasing trend in global climate finance flows, using loans as the most common financial instrument is a major concern for developing countries, in particular LDCs.

Session four – Financial mechanisms and key access challenges

4.1. Introduction

This session provides an overview of access modalities, strategic programming areas, investment criteria, instruments of each of the multilateral operation entities — the Global Environment Facility, Least Developed Countries Fund, Special Climate Change Fund, Adaptation Fund, Green Climate Fund and Loss and Damage Fund. This session builds on the previous sessions' examination of financial flows and instruments.

4.2. Learning objectives

On completion of the session, you will be able to:

- Understand the key operating entities of the financial mechanism of the Convention and the Paris Agreement
- Better understand the access modalities, strategic programming areas, investment criteria, and instruments of each of the operating entities.
- Better grasp the requests for funding proposals for respective operating entities

Climate Finance mechanisms rely on a number of channels through which climate finance flows, including through multilateral climate funds that are dedicated to addressing climate change. In addition, many developing countries have also set up regional and national funds and channels to receive climate finance. Below are the key financial mechanisms established under the Convention and the Paris Agreement to access climate finance for developing countries.

4.3. LDC's key issues, challenges and barriers to access climate finance

Before proceeding to review the major multilateral finance schemes, it is critically important to understand the LDC context. LDCs face significant challenges in accessing climate finance due to lack of expertise, experience and knowledge of complex processes and requirements. The system of accessing funds is complex, onerous and slow with high transaction cost. For example, the development of concept notes and project proposals to GCF is complex and difficult to meet the stringent climate rationale requirements for adaptation projects, further aggravated by the duplicated review process through the Secretariat and iTAP (Independent Technical Advisor Panel). This was also the findings of the Independent Evaluation Unit (IEU) of the GCF on the evaluation of the relevance and effectiveness of the GCF's investment in the LDCs carried out in 2022.

There are also structural barriers to building capacities in the LDCs. Capacity building is not about organizing a few workshops and training but it is about strengthening institutions and building capacity within the institutions. The Direct Access modality is expected to strengthen institutions and build capacity at the national levels to access GCF resources. However, national Direct Access Entities (DAEs) remain low in LDCs and those accredited are implementing low-risk and micro and small projects. The IEU in the evaluation findings reported that only 14 national DAEs are from LDCs.

The status of the GCF portfolio also reported at the 38th meeting of the GCF Board from the 120 accredited entities to GCF, 76 are DAEs and 44 International Accredited Entities (IAEs). When it comes to accessing resources, 80% of the GCF is channeled through IAEs and only 20% is channeled through DAEs. Further, of the 20% GCF resources, 12% is accessed by regional DAEs and only 8% is accessed by national DAEs. These are clear indications of the constraints and challenges faced by the LDCs.

LDCs are heavily indebted and cannot access concessional finance. It was noted that more than 50% of debt increase in vulnerable countries has been related to funding disaster related reconstruction and recoveries. Further, as presented earlier, the OECD series report on the climate finance provided and mobilized in 2013-2021 from developed to developing countries clearly shows that the share of grant is only about 21%, whereas loan comprises 50% and about 3% equity.

In addition, the Global Landscape of Climate Finance 2023 (CPI, 2023) highlighted that debt was the most common financial instrument used to channel climate finance globally (USD 766 billion, 62%) followed by a small role played by equity (USD 422 billion, 33%) and grant (USD 69 billion, 5%). Again of the total debt finance, USD 561 billion, 56% was provided at market rate, concessional finance was only 11% of the total finance. Low cost project level debt constituted only 6% of the track climate finance and reached USD 76 billion in 2021/2022. The debt burden and debt sustainability remains a huge concern for the developing countries and LDCs in particular. LDCs cannot take loan even if it is concessional, for adaptation and addressing loss and damage.

Private sector engagement in adaptation is limited due to the scale of the economy and weak private sector. The IEU findings also highlight that the GCF approach has limited contribution to the engagement of private sector entities within the context of LDCs, particularly the small and the medium-sized enterprise and local private sector.

4.4. About the Global Environment Facility (GEF)

The GEF was established on the eve of the 1992 Rio Summit and became a Financial Mechanism for several international environmental conventions including the UNFCCC and the Paris Agreement. Its main objective is to help developing countries and countries with emerging economies in transition address the world's most pressing environmental problems and achieve the objectives of international environmental conventions and agreements. It serves their member countries through the GEF agencies. Currently there are 18 agencies, who work with the government and non-government agencies to develop, implement and execute the projects.

At the national level, each GEF member country has two focal points - political and operational focal points. GEF political focal points focus mainly on governance, including policies and decisions, and relations between member countries. They also follow council discussions and represent their countries at the Assembly. GEF operational focal points are responsible for operation of GEF activities within their countries. This includes reviewing and endorsing project proposals to ensure they are inline with national priorities and strategies.

GEF Funding is contributed by donor countries, and unlike other funds both developed and developing countries contribute. The Fund is replenished every four years, and is administered by the World bank acting as the GEF Trustee. On June 21, 2022, twenty-nine donors pledged $5.33 billion to the Global Environment Facility for the next four years (2022-2026). This is an increase of more than 30 percent from its last operating period and a surge of support for international efforts to meet nature and climate targets.

The GEF 8th Programming Architecture presents the GEF-8 programming direction and strategy of the next four years (GEF-8) for the period 1 July 2022 to 30 June 2026. The record funding mobilized in 2022 will support large-scale initiatives to address biodiversity and forest loss, improve ocean health, combat pollution, and reduce the effects of climate change within this decade. GEF-8 invests in both integrated programming to deliver global environmental benefits across multiple focal areas and single focal areas to support the goals of the multilateral environmental agreements.

How projects work - Access to the GEF fund is all routed through the accredited entities. Before developing funding proposals, governments (GEF operational focal points) will select the executing entities from among the accredited entities. Once the executing entity is selected, the executing entity will work with the government to develop funding proposals. While developing the funding proposals the key eligibility criteria that require consideration include country eligibility, national priority, GEF priorities, funding, participation. The details of each of the eligibility criteria is provided in the box 3 :

Text box 3 - Eligibility criteria to GEF funding all projects and programs

GEF Project Eligibility Criteria	
1.Country ownership	Countries may be eligible for GEF funding in two ways: a) if the country has ratified the conventions the GEF serves or b) if the country is eligible to receive World Bank (IBRD and/or IDA) financing or if it is an eligible recipient of UNDP technical assistance through its target for resource assignments from the core.
2. National Priority	The project must be country driven and consistent with national priorities that support sustainable development.
3. GEF Priorities	Achieve the objectives of multilateral environmental agreements that aim at tackling the drivers of environmental degradation in an integrated fashion. The programming direction sets the priorities. GEF-8 focus on Biodiversity, Climate Change, Land Degradation, International Waters, and Chemicals and Waste and provide countries with the opportunity to participate in selected "Integrated Programs" which aim to address major drivers of environmental degradation and/or deliver multiple benefits that fall under the GEF's mandate (for more details, see the GEF-8 Programming Directions)
4. Funding	The project must seek GEF financing only for the agreed incremental costs on measures to achieve global environmental benefits.
5. Participation	Following the Policy on Stakeholder Engagement and the respective guidelines, the project must engage the public in project design and implementation.

Further GEF provides funding through four modalities as below:

- **Full-sized Project (FSP)**: GEF project financing of more than two million US dollars.
- **Medium-sized Project (MSP)**: GEF project financing of less than or equivalent to two million US dollars.
- **Enabling Activity (EA)**: A project for the preparation of a plan, strategy, or report to fulfill commitments under a convention.
- **Program**: A longer-term and strategic arrangement of individual yet interlinked projects that aim at achieving large-scale impacts on the global environment.

See GEF Policy and Program Cycle Policy for additional details.

4.5. About the Least Developed Countries Fund (LDCF)

Established in 2001 at COP7 in Marrakech, the Least Developed Countries Fund (LDCF) is the only fund exclusively dedicated to helping LDCs to adapt to new climate realities. It provides short, medium and long-term support to adapt and build long term resilience to the impacts of climate change. It supports country driven strategies and priorities through the implementation

of National Adaptation Programmes of Action (NAPAs), National Adaptation Plans (NAPs), and other initiatives outlined within the UNFCCC framework.
Since its establishment in 2001 until February 2024, LDCF has financed 408 projects and programmes amounting around $ 2 billion in grants benefiting more than 65 million people and 11.4 million hectares of land for climate resilience.

LDCF funding has addressed adaptation priorities in the LDCs across a range of vulnerable sectors including agriculture, water, disaster risk management, coastal zone management, infrastructure, and sustainable alternative livelihoods.

The GEF-8 adaptation strategy for the LDCF focuses on agriculture, food security and health, water, climate information services, and nature-based solutions. The strategy aims to further support LDCs in addressing their adaptation priorities by scaling up access to adaptation finance, strengthen innovation and private sector engagement, and foster whole-of-society approach and partnerships for inclusion.

Further, the strategy aims to double allocation to $20 million per country from $10 million in GEF-7. The strategy also provisioned a dedicated program for capacity building for project preparation and implementation to enable LDCs higher level of climate ambition and action.
For more details see LDCF Programming Strategy on Adaptation (2022-2026).

4.6. About the Special Climate Change Fund (SCCF)

The Special Climate Change Fund (SCCF) was also established in Marrakech at COP7 in 2001 as one of the first multilateral climate adaptation finance instruments to help vulnerable nations in addressing the negative impacts of climate change. The SCCF is also managed by GEF and operates in parallel with the LDCF.
In the last 20 years or more, SCCF has invested over $368 million in 97 projects, mostly focussing on climate information services and innovations that can scale up climate adaptation solutions.

The GEF-8 adaptations strategy for SCCF focuses on two priority areas:
Supporting the adaptation needs of Small Island Developing States — key focus areas include, storm and flood early warning systems; nature-based solutions; enhanced resilience of various infrastructure; economic diversification; reduced dependence on imports; and building domestic capacities.

Strengthening technology transfer, innovation and private sector engagement — The SCCF facilitates creation of strong, climate-resilient economies and communities by helping countries address a range of barriers including limited access to climate-resilient technologies and infrastructure; limited institutional capacity; low engagement by the private sector, including small and medium-sized enterprises for developing and providing adaptation solutions; and lack of access to finance from public sources and to markets for adaptation solutions.

4.7. About the Adaptation Fund (AF)

Established in 2001 at the COP7, Marrakech, under the Kyoto Protocol and operationalized in 2007, the Adaptation Fund is key for developing countries that help vulnerable communities to adapt to climate change. It was established to finance adaptation projects and programmes in developing countries that are Party to the Kyoto Protocol and are particularly vulnerable to the impacts of climate change.

The Adaptation Fund is financed from the share of proceeds from the Clean Development Mechanism (CDM) project activities and voluntary contributions. The share of proceeds amounts to 2% of the value of Certified Emission Reduction (CER) issued each year for CDM projects. The Fund also receives voluntary contributions from governments, private sectors and individuals. In June 2022, the share of funds generated from the sale of CER amounted to approximately USD 211.8 million, around 18% of the total USD 1,193.8 million mobilized. The AF will serve the Paris Agreement once the share of proceeds from Article 6.4 of the Paris Agreement become available.

The AF pioneers the process related to creating a direct access modality to climate financing. Through direct access, national implementing entities are able to access finance directly and manage all aspects of climate adaptation and resilience projects, from design through implementation to monitoring and evaluation. Some of the key aspects of direct access are available here.

Direct access modality is key for LDCs, and LDCs have been pushing for other funds to increase accreditation of direct access entities. The AF also offers Readiness Grants for south-south cooperation, capacity building, technical assistance, project formulation, accreditation, project scale up, and knowledge sharing.

AF:Medium Term Strategy (2023-2027)

Outcomes: Strategic Pillars

Action	Innovation	Learning & Sharing
Developing countries are supported in undertaking and accelerate high-quality, local-level & scalable adaptation projects/programmes that are aligned with national adaptation strategies and processes.	Modalities for funding the development and diffusion of innovative adaptive practices, tools & technologies are expanded & risk-taking is encouraged	Knowledge & evidence on effective and innovative adaptation action and indigenous knowledge, is generated and disseminated with stakeholders for applications.

Crosscutting Themes

- Promote locally based or locally led adaptation;
- Enhance access to climate finance and long-term institutional capacity
- Empower and benefit the most vulnerable people and communities as agent of change
- Advance gender equality
- Enable the scaling and replication of results
- Strengthen complementarity, coherence and synergies with other adaptation funders & actors

The **Medium-term strategy (2023-2027)** of the Adaptation Fund sets strategic direction for the next four years. The Fund's goal is to adequately protect people, livelihoods and ecosystems from the adverse impacts of climate change with their adaptive capacity enhanced, resilience strengthened and vulnerability of people, livelihood and ecosystems to climate change reduced in the context of sustainable development.

The medium-term strategy will continue to focus on three strategic pillars - Action, Innovation, and Learning & Sharing, while also increasing ambition under each of these strategic pillars, strengthening linkages and synergies between them, and further introducing a cross cutting strategic emphasis on locally based and locally led adaptation as well scaling up funded activities and results.

The strategy aims to support country-driven adaptation projects and programs, innovation, and learning with concrete results at the local level that can be scaled up. All of the Fund's activities are designed to promote locally based or locally led action, enhance access to climate finance and long-term institutional and technical capacities, empower the most vulnerable people and communities as agents of change, advance gender equality, encourage and strengthen complementarity, coherence and synergies with other adaptation funders and actors.
More details on the Adaptation Fund can be found here

4.8. About the Green Climate Fund (GCF)

The Green Climate Fund (GCF) was established in 2010 at COP16 in Cancun and governed by the Governing Instrument adopted in 2011 at COP17 in Durban. It is the largest dedicated climate fund serving the developing countries. The Fund is governed and supervised by a Board that has full responsibility for funding decisions. The Board has 24 members, composed of an equal number of members from developed and developing country Parties. Representations from developing country Parties include representatives of relevant United Nations regional groupings and representatives from small island developing states (SIDS) and least developed countries (LDCs). Members and alternate members will serve for a term of three years and be eligible to serve additional terms as determined by their constituency.

Access to the Fund is done through national, regional and international implementing entities accredited by the Board. Recipient countries determine the mode of access and both modalities can be used simultaneously. In terms of the financial instruments, the Fund deploys financing in the form of grants, concessional lendings, equity, guarantee, etc. In addition, the Fund employs result-based financing approaches and seeks to catalyze additional public and private finance through its activities at national and international levels.

The GCF as an operating entity of the Financial Mechanisms of the Convention and the Paris Agreement, aims to promote the paradigm shift towards low emission and climate resilient development pathways by providing support to developing countries to limit or reduce greenhouse gas emissions and adapt to the impacts of climate change, taking into account the needs of the developing countries particularly vulnerable to the adverse effects of climate change.

GCF Project/Programme Cycle: GCF is a partnership institution. It operates through a network of accredited entities who work directly with developing countries represented through GCF national designated authorities or focal points, which are appointed by the government of the country to propose projects and programmes to GCF for funding and implement them once approved.

For project/programme proposal development, the GCF Programming Manual outlines the role of key stakeholders, guidance on how to prepare and submit funding proposals that meets GCF investment criteria, and that make project origination, development, appraisal, approval and implementation processes more transparent and predictable to access GCF resources.

The GCF project approval process comprises 10 stages, from project origination to project closure. The details of each stages of the Project/Programme Activity cycle is explained below:

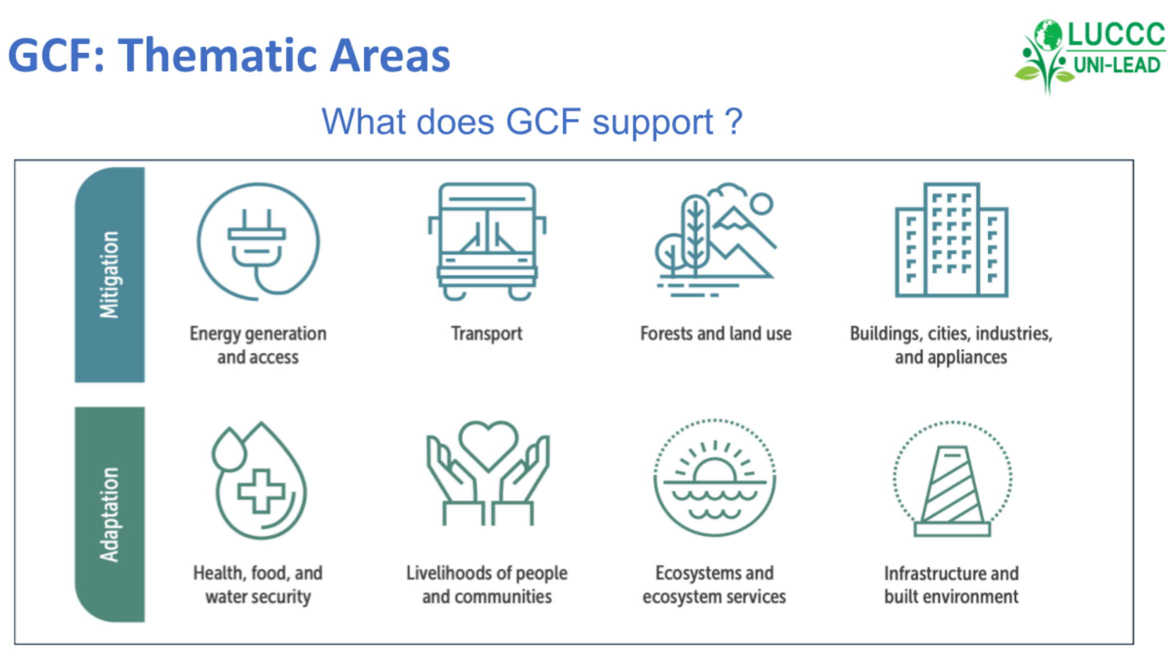
Text box 4 - The Description of GCF Project and Programme Activity Cycle

Strategy, Origination and Structuring	
Stage 1: Country & entity work programming	This is the beginning of all GCF projects. It requires the development of country programmes and entity work programmes, aligned with the GCF strategic plan and its eight mitigation and adaptation result areas. During this stage, governments and NDA or focal points set national priorities, analyze financial needs and gaps, and identify accredited entities or partners to design and implement funding proposals and projects.
Stage 2: Targeted project generation	This stage fosters funding proposals that meet the criteria of GCF investment framework either through issuance of targeted request for proposal or generation of bankable project ideas through dedicated platforms and innovative partnerships.
Stage 3: Concept note submission	This stage outlines the development and submission of concept notes. Concept notes are developed in close coordination with NDA, AE and focal points to ensure that proposed activities align with country priorities.
Technical review and appraisal	
Stage 4: Funding proposal development	This stage covers development and submission of funding proposals by the AE. Funding proposals must be prepared in accordance with the consideration and requirements of the investment framework and result management framework. AE is the first level of due diligence of FPs.
Stage 5: Funding proposal review	This stage refers to the GCF projects/programme review process. The secretariat's review is a formal assessment process that starts with initial review of project concept, continue with the technical review of the full FP package, and the independent appraisal conducted by the office of risk management and compliance, and ends when the FP is submitted to the independent technical advisory panel (ITAP) and the Board for approval
Approval and legal arrangements	
Stage 6: Board approval	This stage illustrates due process before the GCF Board considers the FPs. After the FP is approved by the Board, the Secretariat will inform the AE and NDA/focal point of the Board decision and the next steps in relation to any agreed approval conditions. In case of rejection, NDA may request for consideration from the Independent Redress Mechanism

Stage 7: Legal arrangements	This stage defines the Funded Activity Agreement (FAA) negotiation and signing process after FP approved by the GCF Board. An approved FP will have a corresponding FAA between GCF and an AE.
Stage 8: Monitoring for performance & compliance	This stage describes the GCF Secretariat's monitoring framework and approach. In line with the monitoring and accountability framework, the secretariat monitoring functions focuses on two components: Monitoring of AE compliance with GCF accreditation standards; and monitoring of individual funded activities (projects or programmes)
Stage 9: Adaptive management	This stage details triggers for adaptive management of GCF projects and programmes and response measures in place. The three main triggers for adaptive management are: - Risk flags arising from GCF monitoring tools - Proactive AE reporting & engagement due to implementation issues - Complaints relating to integrity and violation of environmental and social safeguards
Stage 10: Evaluation, learning and project closure	This stage pertains to how lessons learned are evaluated and synthesized toward project closure. There are two levels of evaluations within GCF – project/programme level evaluation and GCF level evaluation.

Source: https://www.greenclimate.fund/project-cycle

The **Investment criteria** include impact potential, paradigm shift potential, sustainable development potential, needs of the recipients, country ownership and efficiency and effectiveness that are being applied in the development, assessment and approval of the projects. This helps to promote consistency and transparency in funding proposals and promote efficiency in the assessment process.



What does GCF support?

The GCF strives to maximize the impact of its funding for adaptation and mitigation, and to seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach. The eight thematic areas have been targeted because of their potential to deliver substantial impacts on mitigation and adaptation. The key thematic areas under mitigation include energy generation and access; transport; forest and land use; and buildings, cities, industries and appliances. Under adaptation, the key thematic areas include health, food and water security; livelihoods of people and communities; ecosystems and ecosystem services; and infrastructure and build environment.

At the end of 2022, GCF had over 209 projects, spread across 128 developing countries, with a total GCF portfolio of USD 11.4 billion (USD 31.4 billion with co-financing).

By the end of 2023, GCF has over 243 projects, a portfolio of USD 13.6 billion (USD 52 billion with co-financing) delivering transformative climate action in more than 129 developing countries. Of the 129 countries, 48 countries are in Africa, 41 countries in the Asia Pacific region, 32 countries in Latin America and Caribbean, and 8 countries in Eastern Europe.

The current portfolio allocation of **mitigation and adaptation** is around 46:54, and the adaptation funding for LDCs, SIDs and African states has remained above the floor of 50%. The large-sizes projects comprise the largest portion of the GCF approved funding (USD 6.9 billion, 51%), followed by medium (USD 4.3 billion, 32%), small (USD 1.9 billion, 14%) and micro-sized projects (USD 258 million, 2%). Due to capacity and scope of the accreditation, 56% of the large size projects are accessed by the international accredited entities (IAEs) and around 43% of the small and medium sizes projects are accessed by the direct access entities (DAEs).

With respect to **access modality**, there are 120 accredited entities, 76 are Direct Access Entities (DAEs) and 44 are International Accredited Entities (IAEs). Of 120 accredited entities, 58 AEs (28 IAEs and 30 DAEs) have approved projects with GCF. Most of the funding is channeled through IAEs, with a share of 80% of the total. Only 20% of GCF funding is channeled through DAEs. Of the 20% of total funding to DAEs, 8% is accessed by national DAEs and 12% by regional DAEs. The GCF portfolio covers 43 LDC countries and roughly around 30% (USD 4.00 billion) of the GCF funding.
More details are available here

The **GCF Strategic Plan for 2024-2027** sets out major programming directions, operational and institutional priorities for GCF for the period 2024-2027. Under the overall strategic vision of promoting paradigm shift towards low-emission and climate resilient development pathways, GCF's programming priorities for 2024-2027 are as follows:

Readiness and preparatory support: Enhanced focus on climate programming and direct access through improved access to readiness and preparatory support, and removing barriers faced by developing countries.

Mitigation and Adaptation: Supporting a paradigm shift across sectors while maintaining a 50:50 balance between adaptation and mitigation.

Adaptation: Addressing urgent and immediate adaptation and resilience needs particularly vulnerable countries and also maintaining a floor of at least 50% of the adaptation allocation to developing countries that are particularly vulnerable to the adverse effects of climate change

Private sector: Promoting innovation and catalyzing green financing while increasing the share of funding allocation through private sector facilities.

More details on the Strategic Plan for the GCF 2024-2027 is available here.

4.10. About the fund for responding to loss and damage (LDF)

The fund and funding arrangements for responding to loss and damage was established at COP27 in Sharm el-Sheikh, Egypt. It was a historic decision, reached after 30 years of negotiations, and was considered an important breakthrough agreement in the history of climate negotiations. This Fund is considered a huge achievement for developing countries, including for particularly vulnerable countries like SIDS and LDCs, who have asked for support to address climate change induced loss and damage under the UNFCCC for decades.

At COP28 in Dubai, United Arab Emirates, Parties operationalized the fund and funding arrangements by adopting broad guidelines on the structure, operations, scope and functions of the LDF including the Governing Instrument of the Fund. The decision also invited regional groups and constituencies to submit nominations for the membership of the Board as soon as possible. The Board is expected to work throughout 2024 to set up the structure and operations of the Loss and Damage Fund in line with the Governing Instrument.

The Funding Arrangement, established and operationalized alongside the LDF, consists of other relevant initiatives under and outside the Convention and Paris Agreement, contributing to loss and damage including humanitarian aid, disaster risk reduction and development aid. While the Fund was a key call coming out of developing countries, the funding arrangements were established in parallel in response to developed countries.

The LDF will serve as an operating entity of the Financial Mechanism of the Convention and Paris Agreement. The LDF Board will operate under the guidance of, and be accountable to, the COP and CMA. In line with the Governing Instrument, the Board consists of 26 members, 12 from developed countries and 14 from developing countries.

LDF Board composition:
(a) 12 members from developed countries;
(b) 3 members from African States;
(c) 3 members from Asia-Pacific States;
(d) 3 members from Latin American and Caribbean States;
(e) 2 members from small island developing States;
(f) 2 members from the least developed countries;
(g) 1 member from a developing country not included in the regional groups and constituencies referred to in paragraph 17(b–f) above.

At COP28, it was decided that the World Bank will serve as the interim trustee of the Fund. It also decided that the LDF would be serviced by a new, dedicated and independent secretariat. Parties invited the World Bank to host the Secretariat for an interim period of four years, contingent on the Bank being able to meet the conditions laid out by the Parties. The World Bank will communicate whether it is able and willing to meet the conditions by June 2024 and hosting and trustee agreements between the World Bank and the Board are expected to come into place by August 2024. The conditions to be met by the World Bank are listed below:

Conditions for the World Bank (WB) to host interim Secretariat of the Fund
a) *Is fully consistent with the Governing Instruments of the Fund* b) *Ensure the full autonomy of the Board of the Fund to select the Executive Director of the Fund.* c) *Enable the Fund to establish and apply its own eligibility criteria, including on the basis of guidance from the COP and CMA.* d) *Ensure that the Governing Instruments of the Fund supersedes, where appropriate, the policies of the WB in instances where they differ.* e) *Allow all developing countries to directly access resources from the Fund, including through subnational, national and regional entities and through small grant funding for communities, consistent with the policies and procedures to be established by the Board of the Fund and applicable safeguards and fiduciary standards.* f) *Allow for use of implementing entities other than multilateral development banks, the International Monetary Fund and United Nations agencies, consistent with the policies and procedures to be established by the Board of the Fund and applicable safeguards and fiduciary standards.* g) *Ensure that Parties to the Convention and the Paris Agreement that are not member countries of WB are able to access the Fund without requiring decisions or waiver from the WB Board of Directors on individual funding requests.* h) *Permits the WB, in its role as trustee, to invest contributions to the Fund on the capital markets to preserve capital and general investment income, in line with due diligence considerations.* i) *Ensure that the Fund can receive contributions from a wide variety of sources, in line with due diligence considerations.* j) *Confirms that the Fund's assets and its secretariat have the necessary privileges and immunities.* k) *Ensure a cost recovery methodology that is reasonable and appropriate.*

The Board will meet four times in 2024, to set up institutional, policies and operational elements of the Fund. In terms of institutional set up, the Board will work to select the host country of the Board, set up the Fund as a World Bank hosted Fund, select the Executive Director of the Secretariat, develop the work plan and rules of procedure of the Board. It is also mandated to develop important policies that ensure simplified access, rapid trigger-based response to extreme events, programmatic response, the right mix of financial instruments (grants vs. concessional loans) that takes into account debt sustainability, and an allocation system that reflects the unique circumstances and needs of LDCs and SIDS. The final name of the Fund will also be decided by the Board.

Around $660 million USD has been pledged (as of April 2024) for the set up of the Fund and to respond to the loss and damage needs of developing countries. As of May 2024, 10 million of these pledges have been mobilized for the setup of the Fund.

As the LDF is undergoing design, the LDC Group has emphasized several priorities:

- Ensure that the Fund delivers grants to support recovery, reconstruction and rehabilitation following extreme climate change events, and to address ongoing loss and damage from slow-onset events;
- Ensure simplified and direct access modalities that are low-burden and do not create capacity barriers;
- Ensure access modalities that also allow for quick disbursement, to be able to respond to extreme events;
- Ensure dedicated allocation for LDCs and SIDS, recognizing their special circumstances and priorities;
- Provide direct budget support to designated national ministries or agencies identified by the government;
- Ensure significant and predictable capitalization of the Fund at scale to meet the actual costs of loss & damage, that is also additional to other forms of climate finance.

4.11. Reflection, guiding questions

- What financial mechanisms are employed in climate financing in your own country?
- What coordination mechanisms are available in your country for accessing climate finance?
- What hinders or helps support your country in accessing climate finance from such mechanisms?

Annexes

Session 2:

OECD (2023), *Climate Finance Provided and Mobilized by Developed Countries in 2013-2021: Aggregate Trends and Opportunities for Scaling up Adaptation and Mobilized Private Finance, Climate Finance and the USD 100 billion Goal, OECD*. https://www.oecd.org/climate-change/finance-usd-100-billion-goal/

UNFCCC SCF, 2022, *Report on progress toward achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of the developing countries in the context of meaningful mitigation actions and transparency on implementation.* https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20100BN%202022%20Report_Book_v3.2.pdf

Oxfarm (2023), *Climate Finance Shadow Report 2023: Assessing the delivery of the USD 100 billion commitment.* https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621500/bp-climate-finance-shadow-report-050623-en.pdf?sequence=19

FCCC/CP/2023/2/Add.01-FCCC/PA/CMA/2023/8/Add.1- Report of the Standing Committee on Finance. Addendum. Report on the doubling of adaptation finance. https://unfccc.int/event/cop-28?item=8%20b

Session 3:

CPI (2023), *Global Climate Finance Landscape 2023*: https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/Global-Landscape-of-Climate-Finance-2023.pdf

UNFCCC SCF (2022), *Summary and recommendation by the SCF: Fifth Biennial Assessment and Overview of Climate Finance flows.* https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20BA5%202022%20Summary_Web_AW.pdf

OECD (2023), *Climate Finance Provided and Mobilized by Developed Countries in 2013-2021:Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilized Private Finance, Climate Finance and the USD 100 Billion Goal, OECD*. https://www.oecd-ilibrary.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2021_e20d2bc7-en

Session 4:

FP 206 – Resilient homestead and livelihood support to the vulnerable coastal people of Bangladesh by PKSF (DAE): https://www.greenclimate.fund/sites/default/files/document/gcf-b36-02-add01.pdf

FP 199 – Public-social-private partnership for ecologically sound agriculture and resilient livelihoods in northern Tonle Sap Basin, Cambodia by FAO: https://www.greenclimate.fund/sites/default/files/document/gcf-b35-02-add01-rev01.pdf

FP 188 – Climate resilient fishery initiative for livelihood improvement in the Gambia by FAO: https://www.greenclimate.fund/sites/default/files/document/gcf-b33-02-add02.pdf

Glossary of terms

Term	Definition
The Assessment Reports (ARs (4, 5, 6)	The Assessment Reports are comprehensive evaluations produced by the Intergovernmental Panel on Climate Change (IPCC) that synthesize scientific research on climate change. These reports are published approximately every six to seven years and are divided into multiple volumes produced by three Working Groups.
Adaptation Fund	It is an international fund that finances projects and programs aimed at helping developing countries to adapt to the harmful effects of climate change. It is set up under the Kyoto Protocol of the United Nations Framework Convention on Climate Change.
Conference of the Parties (COP)	5
CMA	The CMA, or Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, is the body responsible for overseeing the implementation of the Paris Agreement. The CMA reviews progress, sets the agenda for future actions, and ensures that the goals of the Paris Agreement are being met. It includes representatives from countries that have ratified the Paris Agreement and meets annually during the UN Climate Change Conference, typically alongside the COP (Conference of the Parties to the UNFCCC). The CMA plays a crucial role in driving global climate action and facilitating international cooperation to combat climate change.
Climate Policy Initiative (CPI)	The Climate Policy Initiative (CPI) is an organization dedicated to improving energy and land use policies worldwide with the aim of achieving sustainable development and combating climate change. Founded in 2009, CPI works at the nexus of finance and policy to help governments, businesses, and financial institutions drive economic growth while addressing climate change.
Direct Access Entity (DAE)	It is an institution accredited to receive funding directly from international climate funds, such as the Green Climate Fund (GCF) and the Adaptation Fund, to implement climate-related projects and programs. Unlike intermediary access, where funds are channeled through international organizations, direct access allows national and regional entities to manage and deploy funds directly, which can enhance country ownership, build local capacity, and tailor interventions to local contexts.
Green Climate Fund (GCF)	It is a fund for climate finance that was established within the framework of the United Nations Framework Convention on Climate Change. Its objective is to assist developing countries with climate change adaptation and mitigation activities.
Global Environment Facility (GEF)	It is an international financial organization that provides grants and funding to address global environmental issues. Established in 1991, the GEF operates as a partnership among 183 countries, international institutions, non-governmental organizations, and the private sector to support projects in various environmental areas. The GEF plays a critical role in financing and supporting global efforts to address pressing environmental challenges, fostering international cooperation, and promoting sustainable development.
Global Stocktake (GST)	It is a key process established under the Paris Agreement to periodically assess collective progress towards achieving its long-term goals. It serves as a mechanism for reviewing the implementation of the agreement and enhancing ambition over time. The GST is designed to inform decision-making and facilitate the global response to climate change by providing a comprehensive and transparent assessment of efforts and outcomes. The Global Stocktake is a critical component of the Paris Agreement architecture, playing a vital role in driving ambition, enhancing transparency, and facilitating global cooperation to address the climate crisis effectively.
An International Accredited Entity (IAE)	IAE refers to an organization or institution that has been accredited by a multilateral climate finance mechanism, such as the Green Climate Fund (GCF), to access and manage climate finance resources. International Accredited Entities play a crucial role in facilitating the flow

	of climate finance, fostering collaboration and capacity-building, and supporting countries in their efforts to address the challenges of climate change.
Intergovernmental Panel on Climate Change (IPCC)	IPCC is a scientific body established by the United Nations (UN) in 1988 to provide policymakers with comprehensive assessments of the scientific basis of climate change, its impacts, and potential adaptation and mitigation options. The IPCC operates under the auspices of the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP).
Loss and Damage Fund (LDF)	The Loss and Damage Fund is a financial mechanism established under the United Nations Framework Convention on Climate Change (UNFCCC) to address the adverse impacts of climate change that are beyond adaptation efforts, often referred to as loss and damage. Loss and damage can include irreversible losses of lives, livelihoods, and ecosystems, as well as non-economic losses such as cultural heritage and indigenous knowledge. By providing financial support for adaptation measures and addressing irreparable losses, the fund contributes to building resilience and promoting sustainable development in the face of climate-related challenges.
Least Developed Countries (LDCs)	LDCs are nations that face significant structural challenges to sustainable development, including low income, weak human capital, and vulnerability to economic, environmental, and social shocks. The category of LDCs is officially recognized by the United Nations (UN), and the list of LDCs is reviewed and updated every three years by the UN Committee for Development Policy (CDP). Supporting LDCs to overcome poverty, achieve sustainable development, and build resilience to external shocks is essential for advancing global prosperity and ensuring that no one is left behind in the pursuit of the SDGs.
Least Developed Countries Fund (LDCF)	The Least Developed Countries Fund (LDCF) is a financial mechanism established under the United Nations Framework Convention on Climate Change (UNFCCC) to support the most vulnerable nations in addressing the adverse impacts of climate change. The fund is specifically designed to assist Least Developed Countries (LDCs) in implementing adaptation projects and programs to enhance their resilience to climate change. By providing financial resources and technical assistance, the LDCF helps LDCs build resilience, protect livelihoods, and safeguard ecosystems, contributing to their sustainable development and ensuring that no one is left behind in the global response to climate change.
New Collective Quantified Goal on Climate Finance (NCQG)	The NCQG is a new global climate finance goal that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) shall set from a floor of USD 100 billion per year, prior to 2025.
Organization for Economic Co-operation and Development (OECD)	The OECD is an international organization comprising 38 member countries, mostly high-income economies, that collaborate to promote policies that improve economic and social well-being worldwide. Established in 1961, the OECD serves as a forum for governments to discuss and coordinate economic policies, share best practices, and address global challenges. Through its research, analysis, and policy dialogue, the OECD helps governments navigate complex economic, social, and environmental issues and build more resilient, inclusive, and sustainable societies.
First Assessment Report (FAR)	The First Assessment Report (FAR) refers to the inaugural comprehensive assessment of climate change science conducted by the Intergovernmental Panel on Climate Change (IPCC). Released in 1990, the FAR represented a landmark in global climate research and policy. It remains a seminal document in the history of climate science and policy, highlighting the need for collective action to safeguard the planet for future generations.
Second Assessment Report (SAR)	The Second Assessment Report (SAR) is a comprehensive assessment of climate change science, impacts, and policy responses conducted by the Intergovernmental Panel on Climate Change (IPCC). Released in 1995, the SAR built upon the findings of the First Assessment Report (FAR) and provided updated insights into the state of knowledge on climate change. The Second Assessment Report represented a significant milestone in climate science and policy, consolidating scientific consensus on the reality of human-induced climate change and its potential impacts. It helped to catalyze international

	efforts to address climate change and set the stage for subsequent assessments and policy developments.
Special Climate Change Fund (SCCF)	SCCF is a financial mechanism established under the United Nations Framework Convention on Climate Change (UNFCCC) to support developing countries in addressing the adverse impacts of climate change and implementing climate-related projects and programs. It contributes to the achievement of global climate goals and promotes international cooperation and solidarity in the face of climate change.
Small Island Developing States (SIDS)	SIDS are a group of countries recognized by the United Nations (UN) as facing unique and specific development challenges due to their small size, limited resource base, geographical isolation, and vulnerability to external shocks, including climate change and natural disasters.
Standing Committee on Finance (SCF)	SCF is a subsidiary body of the United Nations Framework Convention on Climate Change (UNFCCC) established to assist the Conference of the Parties (COP) in the assessment and review of the financial mechanism of the Convention. By providing expert analysis, policy advice, and capacity-building support, the SCF contributes to strengthening the effectiveness, transparency, and accountability of the global climate finance architecture and advancing the implementation of climate action in developing countries.
Third Assessment Report (TAR)	TAR is a comprehensive assessment of climate change science, impacts, and policy responses conducted by the Intergovernmental Panel on Climate Change (IPCC). Released in 2001 and 2002, the TAR represented a significant advancement in understanding climate change compared to previous assessments. It helped to catalyze international efforts to address climate change and set the stage for subsequent assessments and policy developments, including the adoption of the Kyoto Protocol and the negotiation of the Paris Agreement.
United Nations Environment Programme (UNEP)	UNEP is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment. Through its leadership, advocacy, and technical assistance, UNEP contributes to the achievement of global environmental goals and the realization of a more sustainable and equitable future for all.
United Nations Framework Convention on Climate Change (UNFCCC)	UNFCCC is an international treaty adopted in 1992 at the Earth Summit in Rio de Janeiro, Brazil. It is the primary multilateral instrument for addressing climate change at the global level. It sets out the principles, objectives, and institutional arrangements for international efforts to reduce greenhouse gas emissions, promote adaptation, and advance sustainable development in the face of climate change.
World Meteorological Organization (WMO)	WMO is a specialized agency of the United Nations responsible for promoting international cooperation in meteorology (weather and climate), hydrology (water resources), and related fields. Through its efforts to strengthen meteorological and hydrological services, build capacity, and promote scientific research and innovation, the WMO contributes to the sustainable development and resilience of societies in the face of weather and climate-related hazards and challenges.

UNI-LEAD, 2024