

Unedited version

Report of the Standing Committee on Finance

Addendum

Second report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation

Summary

At its 35th meeting, the Standing Committee on Finance concluded work on the second technical report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and the executive summary thereof, which is contained in this document.

Abbreviations and acronyms

Annex I Party	Party included in Annex I to the Convention
BA	biennial assessment and overview of climate finance flows
BR	biennial report
BTR	biennial transparency report
BUR	biennial update report
CO ₂ eq	carbon dioxide equivalent
COP	Conference of the Parties
ETF	enhanced transparency framework under the Paris Agreement
GHG	greenhouse gas
INDC	intended nationally determined contribution
IPCC	Intergovernmental Panel on Climate Change
LDC	least developed country
MDB	multilateral development bank
MRV	measurement, reporting and verification
NAMA	nationally appropriate mitigation action
NC	national communication
NDC	nationally determined contribution
NDR	report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement
non-Annex I Party	Party not included in Annex I to the Convention
OECD	Organisation for Economic Co-operation and Development
SCF	Standing Committee on Finance
SIDS	small island developing State(s)

I. Introduction

A. Context and mandate

1. In 2010, COP 16 recognized that developed country Parties committed, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries.¹ Subsequent decisions provided some elaboration on the nature of the goal. COP 17 adopted biennial reporting guidelines for developed country Parties that recognize that the goal includes private financial sources,² while COP 18 urged developed country Parties to scale up climate finance from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, to the joint goal of mobilizing USD 100 billion per year by 2020.³ COP 21 extended the goal from 2020 through to 2025.⁴ In 2022, the SCF prepared the first report on progress towards achieving this goal⁵ in response to a mandate from COP 26.⁶

2. COP 27 noted the technical report of the SCF and the quantitative and qualitative information presented therein.⁷ It requested the SCF to prepare biennial reports, including a summary of key findings, on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation, taking into account other relevant reports, for consideration at COP 29, COP 31 and COP 33 and noted that the final report will be considered in the context of matters relating to the SCF.⁸

B. Scope and approach

3. The second report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation comprises a technical report,⁹ and this executive summary. The technical report was subject to extensive stakeholder input and expert review.

4. The report presents quantitative and qualitative information from a wide variety of sources relevant to the three dimensions of the goal, namely (1) mobilizing jointly USD 100 billion per year by 2020 through to 2025, (2) addressing the needs of developing countries and (3) achieving the goal in the context of meaningful mitigation actions and transparency on implementation. In addition, the report, where possible, analyses the interlinkages between the three dimensions of the goal to gain insight into overall progress towards its achievement.

5. In terms of scope, for the first dimension of the goal as expressed in para. 4 (finance support), the report considers the most recent available backward-looking and forward-looking information and data for 2010–2025; for the second dimension (addressing needs), the report considers information that is both backward- and forward-looking in nature and

¹ Decision [1/CP.16](#), para. 98.

² Decision [2/CP.17](#), annex I, para. 19.

³ Decision [1/CP.18](#), para. 66.

⁴ Decision [1/CP.21](#), para. 53.

⁵ SCF. 2022. *Report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation*. Bonn: UNFCCC. Available at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/standing-committee-on-finance-scf/progress-report>.

⁶ Decision [4/CP.26](#), para. 19.

⁷ Decision [13/CP.27](#), para. 13.

⁸ Decision [13/CP.27](#), para. 15.

⁹ The technical report will be made available on the SCF web pages (<https://unfccc.int/SCF>).

the most recent information on needs, which has varying time frames such as up until 2025 or 2030; and for the third dimension (context), the report considers the most recent backward-looking information such as trends in emissions, climate action and reporting transparency, as well as forward-looking information on mitigation ambition to 2025, 2030 and beyond.

6. The approach followed in preparing the report was to consider the following sources of information across all three dimensions: Parties' national reports and submissions under the Convention and the Paris Agreement; technical reports prepared by the SCF or the secretariat, such as the BA and the NDR; and other reports with specific relevance to the goal. Where possible, the report presents information disaggregated by thematic area (mitigation, adaptation or cross-cutting), financial instrument, sector, and geographical distribution of finance (including the LDCs and SIDS). The impacts and outcomes of climate finance are also reflected on in the report.

7. In addition to gathering information and data from those sources and conducting a literature review, the SCF issued a call for inputs from Parties and other stakeholders on preparation of the second report, including on sources of information, trends, challenges, and lessons learned.¹⁰ The SCF also conducted a stakeholder engagement webinar on 30 April 2024.

C. Challenges and limitations

8. There is no multilaterally agreed accounting methodology for tracking progress towards achieving the USD 100 billion per year goal.

9. The use of different methodologies by Parties and data aggregators poses challenges when aggregating data on climate finance to inform an assessment of progress towards the collective goal. The reporting system under the Convention and the ETF under the Paris Agreement provide a framework for a bottom-up approach to transparency, whereby countries can follow self-determined methodologies for tracking, measuring and reporting on climate finance provided, mobilized, needed and received, as well as to defining climate finance. Challenges related to aggregating information on this basis include the use of variable definitions of 'mobilization', whether climate finance committed and/or disbursed is counted towards progress, the use of different timeframes (calendar year vs fiscal year), the use of different currencies and exchange rates, differing approaches to calculating climate-specificity and others.

10. There are challenges to assessing the nature and extent of causal linkages between the three different dimensions of the goal due to the non-standardized nature of data (e.g. on needs and projected levels of climate finance) and a lack of available information that considers all three dimensions holistically and over the same timeframe. Given these limitations, the report reflects qualitatively on how these dimensions have evolved over time and any potential relationship between them.

II. Key findings

A. Mobilizing jointly USD 100 billion per year

11. In the absence of a multilaterally agreed accounting methodology to assess progress towards the goal of mobilizing jointly USD 100 billion per year by 2020 through to 2025, the assessment is guided by the wording of the goal and relevant subsequent decisions. Based on this the report aims to assess the progress building on the available sources of information, which apply different accounting methodologies and take into account different sources, channels and financial instruments.

¹⁰ As at 30 June 2024, four submissions had been received; these are available at <https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository>.

12. The OECD report series on *Climate finance and the USD 100 billion goal*¹¹ pursues an approach and methodology that accounts for finance from a wide variety of sources including bilateral finance based on official reporting in biennial reports under the Convention, multilateral public finance outflows from MDBs and multilateral climate funds attributed to developed countries, export credits and private finance mobilized from developed to developing countries.¹² It also covers the face value of instruments such as grants, loans and equity finance. According to the latest OECD report published in May 2024, in 2022, developed country Parties provided and mobilized a total of USD 115.9 billion in climate finance for developing country Parties, thereby reaching their collective annual goal of mobilizing USD 100 billion for climate action in developing country Parties for the first time.

13. Oxfam's assessment *Climate finance short-changed, 2024 update*¹³ does not contest the technical accuracy of the OECD report in measuring progress according to the methodology agreed by developed countries, but states its aim is to measure the financial effort by developed countries through discounting loan repayments, non-concessional loans and excluding certain instruments. The assessment uses data reported to the OECD DAC on climate-related development finance to calculate grant-equivalent values and also applies a more conservative approach to account for the climate-relevance of provided funds (i.e., what proportion of a project's funding volume can be considered to specifically support climate action) than that by Parties in biennial reports. The Oxfam's assessment does not include the full range of financial instruments and it does not include private or innovative sources of finance. In its assessment, estimates of climate finance provided in grants and grant-equivalent amounts were in the range of USD 28–35 billion in 2022. According to Oxfam, its estimates indicate that the actual financial effort by developed countries to support climate action in developing countries is vastly lower than the reported figures in the OECD report seem to suggest.

14. Preliminary estimates collected from Parties by the SCF in preparing the sixth BA indicate that climate-specific finance provided and mobilized amounted to USD 67.1 billion in 2022.¹⁴ An analysis of BURs received as at 30 June 2024 found that 20 non-Annex I Parties reported USD 1.3 billion of climate finance received in 2022. These estimates do not include the full range of sources and channels, such as outflows from multilateral institutions or private finance mobilized by multilateral institutions in preliminary estimates of climate finance provided and mobilized, and all bilateral and multilateral climate finance flowing to developing countries in estimates of climate finance received.

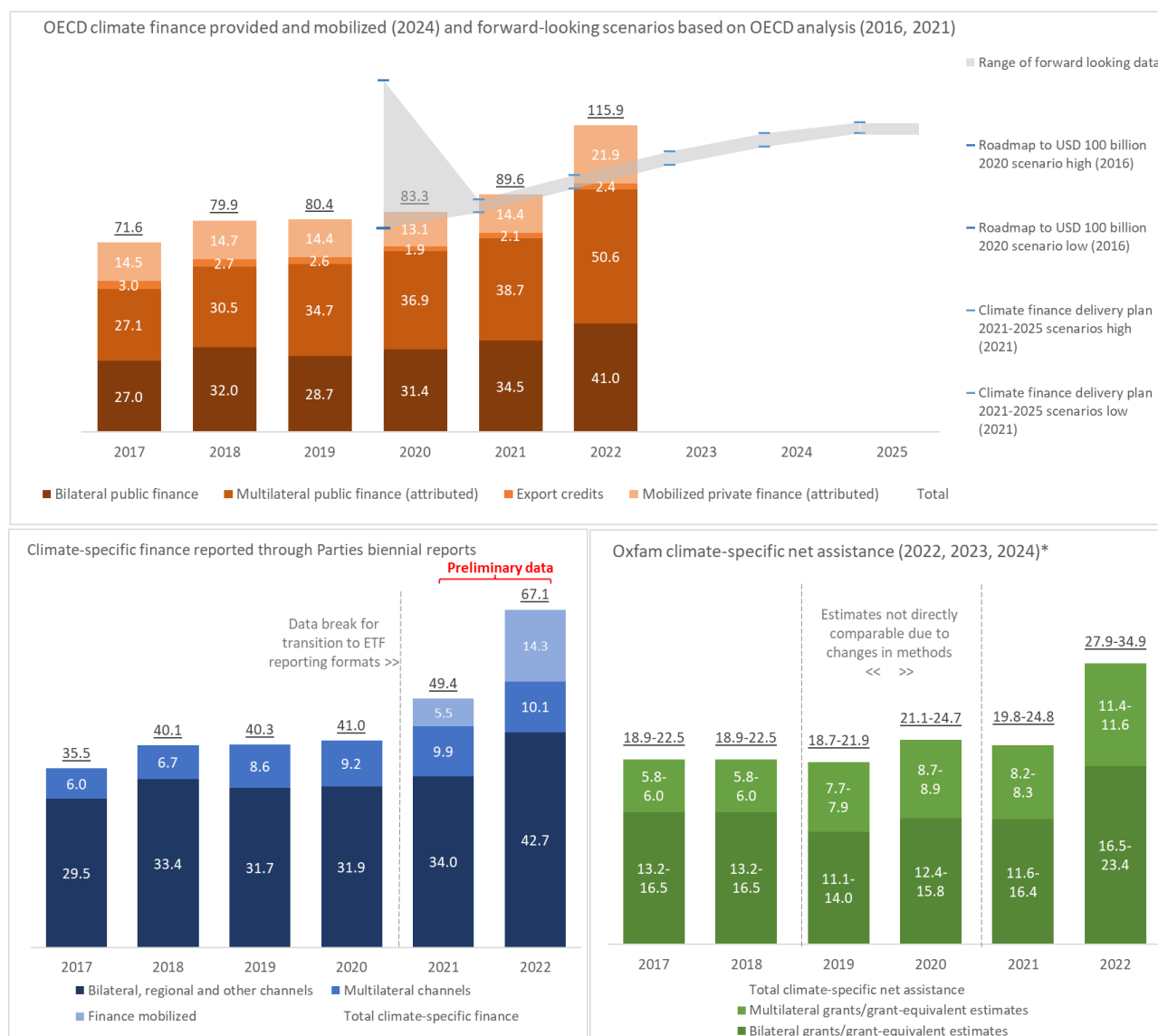
¹¹ See <https://www.oecd.org/climate-change/finance-usd-100-billion-goal/>.

¹² Data on export credits or private finance mobilized reported in BRs is included in the appropriate components.

¹³ See <https://oxfam.app.box.com/s/q32guouexhj6proorwm8f14sv6nvan77>

¹⁴ Data are treated as partial and preliminary and subject to change once official biennial transparency reports are submitted at the end of 2024.

Figure 1 Figure 1
Trends in aggregate estimates for backward looking and forward looking information



Source: Data from OECD. 2024. *Climate Finance Provided and Mobilised by Developed Countries in 2013-2022*. Available at https://www.oecd.org/en/publications/2024/05/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022_8031029a.html. UNFCCC SCF. 2024. Sixth biennial assessment and overview of climate finance flows; Oxfam. 2024. *Climate Finance Short-Changed 2024 update CSNA Estimate Methodology Note*. Available at [https://oxfam.app.box.com/s/q32guouexhj6proorwm8f14sv6nvan77](https://oxfam.app.box.com/s/q32guouexhj6proorwm8f14sv6nvan77;).

Notes: (1) forward-looking data comprise pledges made up to 20 October 2021 in the Climate Finance Delivery Plan.; (2) the dashed lines indicate values for which data are not comparable with previous years owing to a change in method or scope of reporting; (3) the values for climate-specific finance reported in BTRs for 2021 and 2022 are preliminary data that are subject to change after the submission deadline for BTRs of 31 December 2024; (4) the Oxfam graph is based on analyses that make assumptions on finance sources and financial instruments not aligned with the language of the USD 100 billion goal.

15. Irrespective of the source of information, some common findings emerge. Although the annual goal was not met in 2020 and 2021¹⁵, the overall trend is one of substantial growth in climate finance flows to developing countries since the first report on progress towards achieving the goal was produced by the SCF in 2022. OECD estimates a growth in climate finance provided and mobilized by developed countries of 39 per cent since 2020 to 2022, while Oxfam estimates a growth of 32–41 per cent depending on whether the low or high end of its estimated range of finance is considered. Preliminary data from Parties indicate climate finance has increased by an estimated 63 per cent since the amount reported in the BR5s of

¹⁵ Decisions 13/CP.27, para. 3 and 4/CP.28, para. 3.

Annex I Parties for 2020, however, the data are difficult to compare across years owing to the expanded scope of reporting in BTRs due at the end of 2024 compared with BRs.

16. Compared with the forward-looking projections for 2021–2025 outlined in the Climate Finance Delivery Plan published in October 2021,¹⁶ the estimates in the OECD report for 2022 show the threshold of USD 100 billion was achieved one year ahead of when it was expected to be achieved (although still two years after the initial goal year of 2020) and is within the range of the 2025 projection of USD 113–117 billion.

1. Channels

17. For climate finance provided through bilateral channels, the trend is one of a similar rate of growth from 2020 to 2022 according to all sources of information: 34 per cent in preliminary estimates from Parties, 31 per cent in the OECD report (USD 41.0 billion) and 33–48 per cent in Oxfam’s assessment (USD 16.5–23.4 billion).

18. Climate finance through multilateral channels also saw a significant increase since 2020, of 37 per cent in the OECD report (USD 50.6 billion) and 30–31 per cent in Oxfam’s assessment (USD 11.4–11.6 billion). Growth was much lower, 10 per cent, in preliminary estimates from Parties as the flows reported therein predominantly constitute inflows from Parties to multilateral institutions rather than the outflows from multilateral institutions to developing countries that are captured in the other sources of information. The key driver of growth in climate finance provided through multilateral channels was MDBs: growing by 41 per cent since 2020 according to the OECD report (USD 46.9 billion) and 45 per cent according to Oxfam’s assessment (USD 10.3 billion). However, multilateral climate funds saw decreases in the amount of climate finance outflows in 2022 of 19 per cent according to the OECD report and 28–31 per cent according to Oxfam’s assessment, as the Green Climate Fund and other multilateral climate funds transitioned between replenishment and programming periods.

19. A significant increase in private finance mobilized by both bilateral and multilateral channels of 67 per cent in 2022 (USD 21.9 billion) since 2020 was reported in the OECD report. Preliminary estimates from Parties were able to separate this information for the first time, albeit predominantly only finance mobilized by bilateral channels, and also recorded significant increases in 2022 compared with 2021.

2. Thematic focus

20. The trend in thematic focus of climate finance since 2020 has been mixed. Adaptation-specific climate finance decreased in 2021 by approximately 10 per cent according to preliminary estimates from Parties, 14 per cent according to the OECD report and 7–9 per cent according to Oxfam’s assessment, before rebounding in 2022 by 23 per cent (reaching USD 13.9 billion), 32 per cent (reaching USD 32.4 billion) and 42–43 per cent (reaching USD 12.7–14.9 billion) according to those sources respectively, thus returning to an upward trend.

21. Climate finance for mitigation showed steady growth in 2021 followed by a significant rise in growth in 2022. Preliminary estimates from Parties indicate increases of 20 per cent in 2021 and 69 per cent in 2022 (reaching USD 38.5 billion), though this likely reflects the expanded reporting on finance mobilized by public interventions, which is predominantly for mitigation, in forthcoming BTRs compared with BRs. OECD reported 11 and 30 per cent annual growth rates in 2021 and 2022 respectively (reaching USD 69.9 billion), while Oxfam reported a decrease in mitigation finance of 20 per cent in 2021 followed by a 46–47 increase in 2022 (reaching USD 11.4–13.1 billion).

22. While dealing with relatively smaller amounts, climate finance for cross-cutting mitigation and adaptation actions also grew significantly according to all sources of information, more than doubling between 2020 and 2022 according to the OECD report (reaching USD 13.6 billion) and Oxfam’s assessment (reaching USD 3.8–7.0 billion) and

¹⁶ Climate Finance Delivery Plan.

increasing by 49 per cent according to preliminary estimates from BTRs (reaching USD 13.1 billion).

3. Financial instruments

23. Substantial growth in the volume of grant finance was reported in the available sources of information.¹⁷ The OECD reported a 43 per cent increase in grant finance from bilateral and multilateral sources between 2020 and 2022 (reaching USD 25.6 billion) while Oxfam reported a 26–30 per cent increase between 2021 and 2022 (reaching USD 20.3–26.6 billion). Loans from bilateral and multilateral sources also grew according to the OECD report, by 31 per cent since 2020 to reach USD 63.6 billion in 2022. The OECD does not provide an aggregate of concessional and non-concessional loans due to definitional differences in use. For bilateral finance, 79 per cent of loans over the 2016–2022 period were concessional. Forty-one per cent of loans from multilateral climate funds were classified as concessional along with 23 per cent of MDB loans. Oxfam’s estimate of the grant-equivalent value of concessional loans from bilateral and multilateral sources almost doubled between 2021 and 2022 to reach USD 7.5–8.4 billion.

B. Addressing the needs of developing countries

24. This subchapter presents an analysis of 2020–2022 finance flows compared with the needs identified in the second NDR. It investigates needs by thematic area and sector, finance sources and financial instruments utilized in providing and mobilizing finance that responds to needs, and the geographical distribution of climate finance.

25. NDCs from 142 Parties contain a total of 5,760 needs. Of these, 2,753 (48 per cent) were costed needs reported by 98 Parties, amounting to USD 5.036–6.876 trillion. Given these needs represent the largest number of Parties reporting costed needs, they are the most representative of this metric. It is understood that the costed needs presented in NDCs do not reflect the entirety of needs across developing country Parties and regions. The first NDR identified costed needs from 78 Parties amounting to USD 5.8–5.9 trillion up until 2030. Accounting for a similar time frame out to 2030, for comparative purposes, the costed needs from the latest NDCs amount to USD 5.012–6.852 trillion cumulatively out to 2030. As in the first NDR, the starting points for costed needs out to 2030 in NDCs vary significantly with some indicating a 2015–2030 timeframe, and others a 2020–2030 timeframe. Therefore, an annualized cost estimate across different time frames ending by 2030 of implementing these costed needs by 98 countries are in the range of USD 455–584 billion per year¹⁸

26. While the USD 100 billion goal was not set with the intention of meeting all of the needs of developing countries, it does state that the goal is to address the needs. Comparing the proportional distribution of current climate finance flows against the distribution of needs of developing countries identified in the second NDR can be relevant for a qualitative assessment

1. Thematic areas

27. In terms of share of the number of needs, adaptation needs represent 48 per cent of the total number of needs identified in 145 NCs, 46 per cent in 142 NDCs and 14 per cent in 96 BURs.¹⁹ In NDCs, 16 per cent of the costed needs were identified as being for adaptation, while in NCs this figure was 58 per cent and in BURs it was 46 per cent reported by 98, 57 and 55 developing country Parties respectively. Mitigation needs constitute most of the remaining share of needs, although cross-cutting needs are prominent in BURs and as costed needs in NDCs (see figure 2).

28. The latest available data on finance flows show that although adaptation finance has grown strongly in recent years, mitigation finance remains relatively larger. The share of

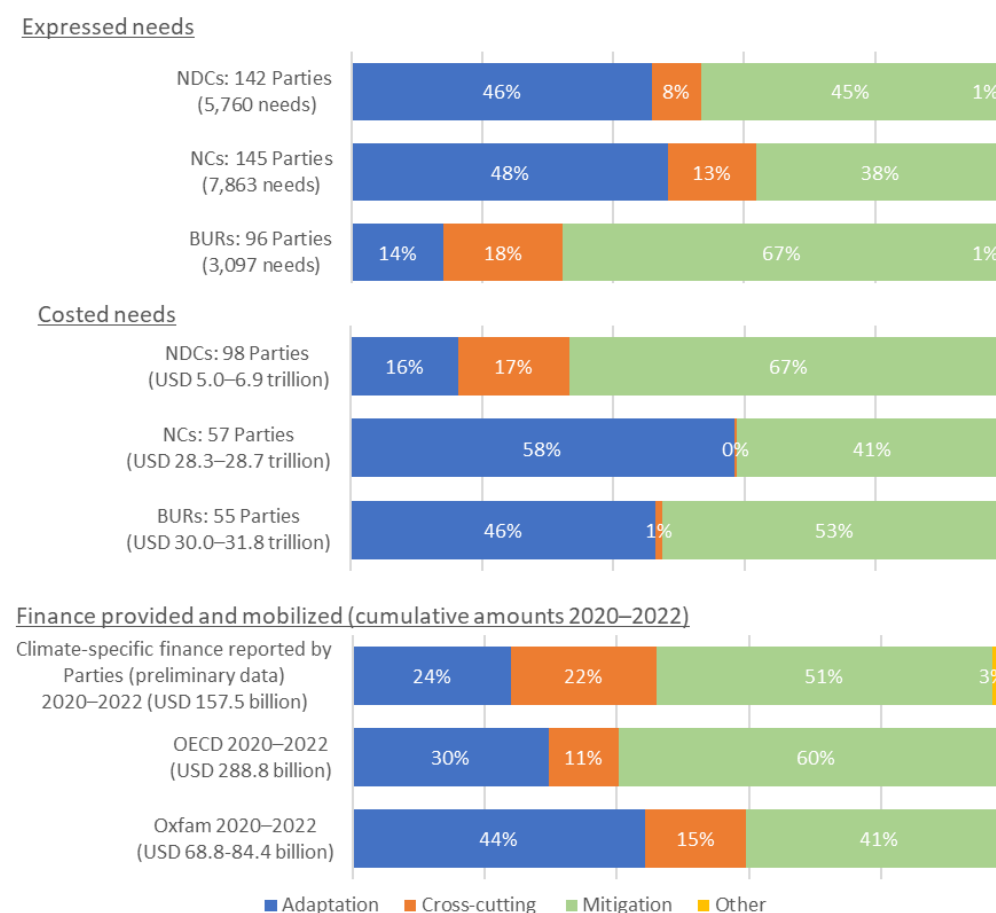
¹⁷ Preliminary estimates from some Parties do not include information on instruments.

¹⁸ Further information is available in section 2.1 of the technical report.

¹⁹ Reports from 154 non-Annex I Parties were reviewed for the second NDR. No needs were identified in 10 NCs, 14 NDCs and 8 BURs.

climate finance for adaptation reported for 2020 in the BR5s and preliminary estimates for 2021 and 2022 from Parties is 24 per cent. The corresponding shares in the OECD report and Oxfam's assessment are 30 and 44 per cent respectively. Compared with the first report on progress towards achieving the goal, adaptation finance has a lower share in overall finance, dropping from 28 to 24 per cent according to the preliminary estimates from BTRs and from 34 to 30 per cent according to the OECD report, noting the increase in adaptation finance overall from USD 12.5 billion out of a total of USD 41 billion of climate-specific finance in 2020 according to biennial reports to USD 13.9 billion out of a total of USD 67.1 billion in 2022 according to preliminary estimates from Parties, and from USD 28.6 billion out of a total of USD 83.2 billion of climate finance provided and mobilized in 2020 to USD 32.4 billion out of a total USD 115.9 billion of climate finance provided and mobilized in 2022 according to the OECD report. Owing to how it accounts for grants and the grant-equivalent value of concessional loans, Oxfam's estimates show a larger proportion of adaptation finance in overall finance, and an increase since the first report on progress towards achieving the goal (from 31 to 44 per cent), as adaptation activities typically receive a greater amount of grant financing than mitigation activities. In addition, since 2020 the growth in the provision and mobilization of cross-cutting finance, which serves both adaptation and mitigation objectives, has added further complexity to understanding whether adaptation-specific or mitigation-specific needs are also being addressed through those flows.

Figure 2
Needs identified by developing countries and finance provided and mobilized by developed countries, by thematic area



Source: Data on needs from Second NDR, data on finance flows from sixth BA, OECD 2024, Oxfam 2024.

Note: The time frames on expressed and costed needs vary in different report types. For example, for costed needs in NDCs time frames start from 2015, 2021 or 2022 up to 2030; in NCs from 2021 or 2023 up to 2060, and in BURs from 2021 or 2023 up to 2060. For costed needs and Oxfam data, the mid-point of ranges are used to calculate thematic shares.

2. Sectors

29. An analysis of sector-level climate finance flows is limited to the OECD report, which provides sector-level data for climate finance, by thematic area, while the other sources of information do not. Adaptation activities are spread across various sectors. In an analysis of BURs, NCs and NDCs, most adaptation needs expressed by developing countries were in the agriculture and forestry sector (25–37 per cent) or the water supply and sanitation sector (18–25 per cent). Most adaptation finance provided and mobilized from 2016 to 2022 flowed to these sectors (18 and 19 per cent respectively). More finance has been directed at transport (10 per cent) than the corresponding needs (1–2 per cent).

30. For mitigation, finance for the energy and transport sectors amounted to 62 per cent of total climate finance provided and mobilized from 2016 to 2022. These sectors were also prominent in terms of reported mitigation needs (44–51 per cent). In contrast, the agriculture and forestry sector accounted for 16–25 per cent of needs but only 4 per cent of finance flows. Finance was also reported as flowing to the banking and financial services sector (7 per cent) whereas this sector does not feature significantly in needs identification. This highlights the differences in reporting how finance for climate action is often channelled through financial intermediaries in developing countries compared to reporting on needs in the real economy.

3. Finance sources and financial instruments

31. Developing countries, particularly those with high debt burdens, often state their need for more concessional public finance for addressing capacity gaps and implementing adaptation actions. Grant finance grew strongly (43 per cent according to the OECD report and 26–28 per cent according to Oxfam) since 2020 according to all the sources of information, as well as the grant-equivalent estimates of concessional loans according to Oxfam. However, grant finance constitutes 28 per cent of total climate finance provided and mobilized according to the OECD report. A key aspect in the growth of climate finance driven by MDBs is the prevalence of loans due to their business model. Climate finance in the form of loans therefore also grew significantly (31 per cent) and accounts for 69 per cent of total climate finance provided and mobilized.

4. Geographical distribution

32. Data on regional distribution of climate finance in relation to the USD 100 billion goal is not broadly available, hindering an analysis of whether finance is flowing in a manner that addresses needs expressed by region.²⁰ According to the sixth BA, in 2021–2022, most of the finance from multilateral climate funds amounting to USD 3.7 billion per year on average primarily went to Latin American and the Caribbean (31 per cent), Africa (25 per cent) and Asia (22 per cent). MDB finance amounting to USD 49 billion per year on average was directed to Africa and Asia (33 and 32 per cent) while most private finance mobilized amounting to USD 18.2 billion per year on average went to Latin America and the Caribbean (35 per cent), Asia (32 per cent) and Africa (20 per cent).

33. For the LDCs and SIDS, the OECD report shows increasing shares of climate finance provided and mobilized, from 17 and 2 per cent respectively on average over 2016–2022 to 18 and 3 per cent respectively in 2022 alone, amounting to USD 21.2 billion for the LDCs and 3.2 billion for SIDS. In terms of needs, 45 LDCs accounted for 45 per cent of the identified needs and 16–21 per cent of the costed needs expressed in NDCs, demonstrating that while finance flows are proportionate to costed needs, less finance is flowing proportionately to the LDCs than their identified needs. For SIDS, 37 SIDS accounted for 25 per cent of the identified needs and 1 per cent of the costed needs expressed in NDCs, demonstrating that more finance is flowing proportionately to SIDS in terms of costed needs but less in terms of identified needs.

²⁰ The preliminary nature of the data gathered from Parties on climate finance in 2021–2022 to support the preparation of the sixth BA does not allow for an analysis by region. The OECD report series no longer includes a regional breakdown but instead an analysis by income group, and the Oxfam updates do not include a regional breakdown.

C. The context of meaningful mitigation actions and transparency on implementation

34. The goal is set out in the context of meaningful mitigation action and transparency on implementation. Therefore, assessing trends on mitigation actions and transparency on implementation is relevant to assessing progress related to the context dimension of the goal. However, a direct causal link between finance flows that address the needs of developing countries and any improvements in mitigation actions and/or transparency on implementation, and vice versa, is difficult to establish, and the challenge is compounded by the fact that data and published reports that could support such a link are lacking.

1. Trends related to meaningful mitigation action

35. Observed trends related to mitigation actions and ambition illustrate some progress:

(a) Between 2010 and 2019, while emissions continue to increase, the rate of growth slowed from 2.2 per cent per year in 2000–2009, to 1.5 per cent per year. The coronavirus disease 2019 pandemic led to an unprecedented 3.6 per cent drop in GHG emissions in 2020, compared with the 2019 level. However, as restrictions were gradually removed, emissions increased again at a rate of 4.2 per cent in 2021 to reach just above the 2019 level in that year;

(b) Forty-six non-Annex I Parties had communicated NAMAs in 2010, while as at 31 July 2024, 151 (98 per cent) had submitted an NDC, with 118 Parties (78 per cent) having submitted an updated NDC. Regarding Annex I Parties, in 2010, all had submitted a quantified emission limitation or reduction commitment for 2020; these were followed by the submission of INDCs in 2015–2016 and NDCs thereafter. As at 31 July 2024, 95 per cent of Annex I Parties had submitted an updated NDC;

(c) The aggregate effect of mitigation actions in NDCs submitted by all Parties that have submitted NDCs as at 30 September 2023 is expected to result in global GHG emissions (excluding land use, land-use change and forestry) of 51.6–54.8 Gt CO₂ eq in 2025, representing a reduction in emissions of 4.6–5.8 per cent compared with the 2016 level, as determined from the mitigation actions included in the INDCs from 2016. By 2030, GHG emissions are estimated to be 48.3–54.8 Gt CO₂ eq, a reduction of 11.4–12.0 per cent compared with the 2016 level, as determined from INDCs, indicating a return to almost the 2010 level. However, according to the Intergovernmental Panel on Climate Change AR6, global emissions would decline by about 43 per cent in 2030 from the 2019 level to be consistent with pathways with no or limited overshoot of the 1.5 °C goal, and by 21 per cent to limit warming to below 2 °C.²¹

36. Investigating whether more meaningful mitigation action has played a role in attracting and mobilizing climate finance requires further work. It is well established in the literature that clear, consistent and coherent policy signals and enabling environments are critical to facilitating finance flows. Through their accreditation of entities and establishment of national climate funds, many developing countries have put in place the infrastructure necessary to receive climate finance through multilateral climate funds and other sources. However, it is not yet possible to draw conclusions about the extent to which mitigation actions may have influenced the level of climate finance mobilized under the goal.

2. Trends related to transparency on implementation

37. Many sources of information based on Party submissions point to the importance of transparency on implementation with regard to action and support to enhance mutual trust and accountability. Trends show significant progress since the USD 100 billion goal was established although some transparency gaps remain. Almost all Annex I Parties (43 Parties) have submitted a BR5 as at 31 July 2024 with information on climate actions as well as

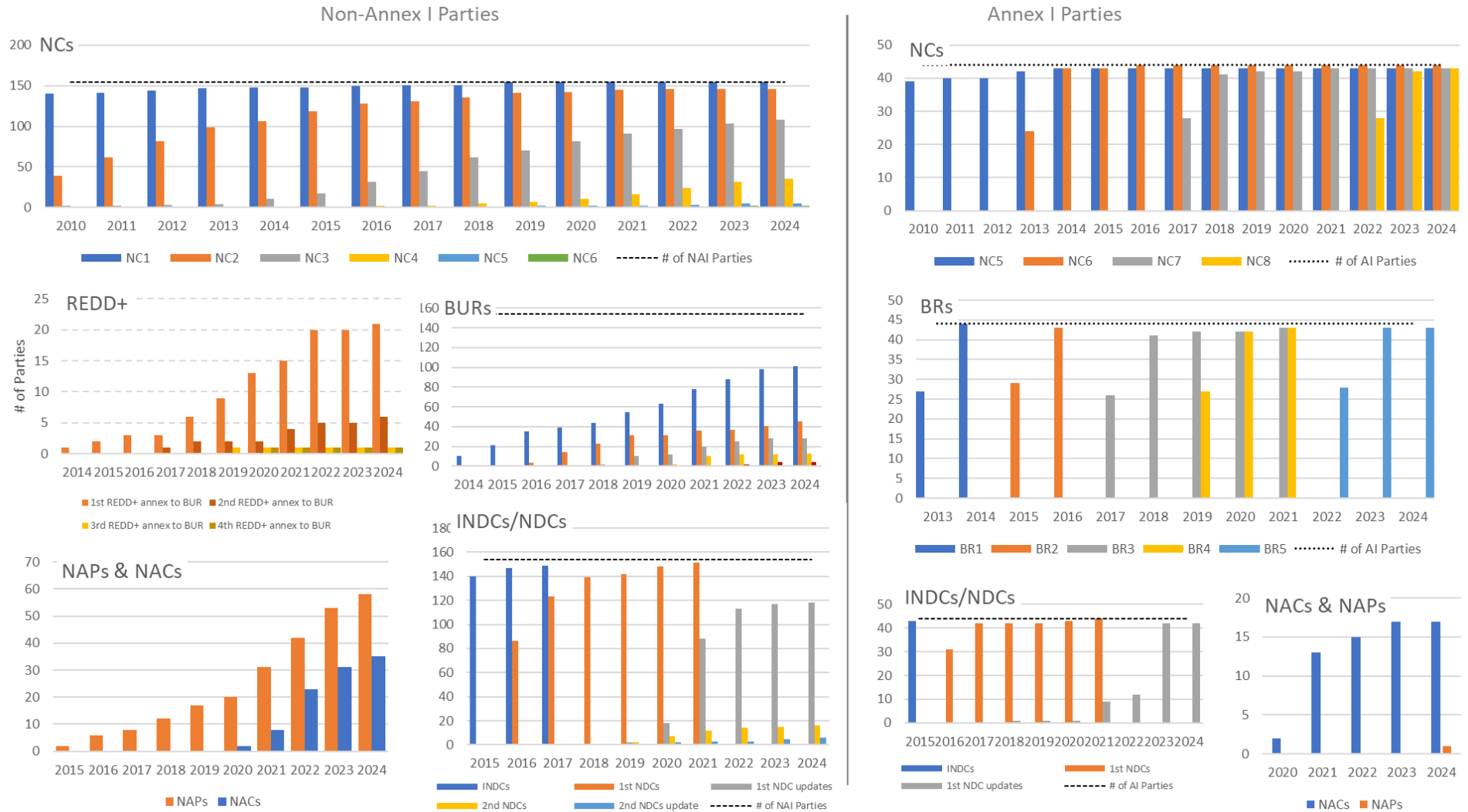
²¹ Table SPM.1 in IPCC. 2023. *Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. Geneva: IPCC. pp.1–34.. Available at <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>.

support provided. The submission of BURs with information on climate actions and needs, as well as climate support received, have been steadily increasing with 68 per cent of non-Annex I Parties (104) had submitted at least one BUR, 29 per cent a second BUR (45 Parties), 18 per cent a third BUR (28 Parties), 8 per cent a fourth BUR (13 Parties) and 3 per cent a fifth BUR (4 Parties). Of 50 non-Annex I Parties (32 per cent) that had not yet submitted a BUR, 28 were LDCs or SIDS. By the end of 2023, all non-Annex I Parties had submitted at least one NC, 94 per cent an NC2 (146 Parties), 66 per cent an NC3 (103 Parties) and 21 per cent an NC4 (32 Parties). Almost all Annex I Parties (43 Parties) had submitted an NC8 as at 31 July 2024.

38. The lack of synthesis reports on BURs and NCs limits any conclusions with regard to improved coverage and quality of information in reporting. Many Parties have established the necessary institutional arrangements, including legislative and policy frameworks, for the planning, implementation and MRV of mitigation actions. However, some developing country Parties still face challenges in setting up institutional arrangements or domestic MRV systems partially owing to a lack of financial resources and human capacity. For NDCs, improvements in methodological approaches and data coverage are noted.

39. More information to support the assessment of progress in achieving transparency on implementation is expected to be available once reporting under the ETF is under way by the end of 2024. This information will include climate finance provided and mobilized and climate finance needed and received, including the use, impact and results of climate finance received.

Figure 3
Evolution of available information on transparency of climate action, needs and support



Note: Data is cumulative number of Parties submitting national reports under the Convention and the Paris Agreement as of 31 July 2024

D. Challenges and lessons learned

40. Key challenges and lessons learned from implementing the goal reflect the interlinkages across the three dimensions particularly in relation to mobilizing finance flows to address needs as well as to the context of meaningful mitigation action and transparency on implementation.

41. **With regard to efforts to mobilize USD 100 billion per year**, the positive trends on climate finance provided and mobilized since 2020 show that measures taken to increase public finance and private finance mobilized have been effective. Furthermore, the use of special drawing rights directed to fund the IMF's Resilience and Sustainability Trust illustrate an innovative way of scaling up climate finance. Further potential innovative sources include green sovereign bonds and debt swaps that could increasingly be used to further scale the mobilization of climate finance to developing countries from developed countries.

42. While progress has been made, challenges remain to continue mobilization of climate finance for developing countries, particularly in relation to scaling up climate finance from MDBs and the mobilization of private finance. Challenges in mobilizing private capital by developed countries include broader investment environment conditions, small size of activities, and high real and perceived risks in developing countries, as well as the lack of business models within key multilateral providers to focus on this area. Key lessons identified for climate finance providers include supporting country-level de-risking approaches, developing further secondary market assets to aggregate smaller assets across market and country risk profiles, and incentivising MDBs and other institutions to maximise mobilization potential through dedicated target-setting, further support to risk sharing mechanisms, and local currency lending.

43. Finally, the lack of a multilaterally agreed accounting methodology towards the goal contributes to a lack of common understanding on progress towards its achievement.

44. **With regard to addressing needs**, there are opportunities to continue to scale up finance for adaptation, including through the design and implementation of adaptation activities which have mitigation co-benefits. The share of adaptation needs in BURs, NCs and NDCs has increased compared to the first report on progress by the SCF while adaptation finance decreased in 2021 before rebounding in 2022 to return to an upward trend. There was significant growth in cross-cutting finance, illustrating the challenge in carving out specific amounts for adaptation and mitigation respectively. Measures to scale-up adaptation finance include supporting developing countries' efforts to strengthen their capacities, policies and enabling environment, strengthening development practices and systems to ensure efficient delivery, deploying public and blended finance instruments strategically to mobilise private finance for adaptation and tapping into alternative financing sources and mobilization instruments for adaptation

45. Information on needs of developing countries also points to the importance of grant and concessional finance. While grant finance grew strongly since 2020 across all sources of information, the prevalence of lending in aggregate numbers in the context of high debt burdens and fiscal constraints in developing countries, as already noted in the first report by the SCF, underscore the importance of overcoming challenges to increasing concessional finance flows. According to the IPCC, a variety of different financing instruments are necessary for supporting mitigation and adaptation projects depending on different stages of the project development, different stages of the technology innovation chain, and different maturity of markets.

46. A significant challenge, as reported in the first report by the SCF are the knowledge gaps in understanding progress across all aspects of the goal, in particular if finance mobilized addresses needs and to what extent meaningful mitigation actions are linked to financing. A potential full picture on needs information would include indicators on the type of activities required, the level of technology deployment, the level of capacity-building needed and other implementation requirements as well as the costed information, while a full picture on finance information to allow for full comparison would mirror such information

and cover the same timeframe. With expanded reporting on finance needed and received by developing countries forthcoming under the ETF, this gap may be partially addressed.

47. In addition, there remains the relatively limited capacity of developing countries to quantify costs and build project pipelines that attract and enable public and private climate finance to be targeted to needs. The most prominent challenges include a) institutional coordination at both between national and local levels as well as across line ministries to identify, cost and articulate project-specific needs comprehensively; b) high staff turnover leading to loss of knowledge and expertise in needs identification; and c) challenges in costing adaptation needs due to methodological limitations and their long-term nature compared to short-term projects.²² Many Parties are developing NDC investment plans and strategies to accompany the NDC update process.

48. Finally, access to capital is identified as a significant challenge by developing countries in order to address their needs. This can relate amongst others to the complexity of requirements for accessing international climate finance through multilateral climate funds that is often a resource and time-consuming process stretching beyond the length of election cycles. The IPCC noted that debt-constrained developing countries have lower access to international capital markets due to higher real and perceived risks and lower credit ratings than developed countries, exacerbated by the coronavirus disease 2019 pandemic.

49. **With regard to the context of meaningful mitigation actions and transparency on implementation** there is limited to no information to link progress made in the provision and mobilization of finance with progress made in mitigation actions and mitigation ambition as seen in the iterative updates of NDCs. A key challenge remains understanding whether scaled up finance flows drive further mitigation ambition, plans and actions, or whether increased mitigation ambition, plans and actions have led to an increase in climate finance. Where platforms have been established that could support analysis of the linkages between mitigation action and financial support provided, there has been a lack of reporting, for example in the case of the NAMA registry. Identifying dedicated reporting processes with regard to the full scope of the goal is a key lesson learned in this regard. More information to be reported under the ETF may facilitate exploring such linkages in the future.

III. Recommendations

50. The SCF invites COP 29 to consider the following recommendations, which are based on the key findings of the second report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation:

(a) *Welcomes* the increase of climate finance provided and mobilized since 2020 to 2022 according to all sources of information in this report, while noting that one source (OECD) found that the goal was met in 2022, suggesting that measures taken to increase public finance and the mobilization of private finance have been more effective than previous periods;

(b) *Urges* developed country Parties to continue to follow on this positive trend and to provide and mobilize climate finance to support developing countries through to 2025;

(c) *Acknowledges* that there have been illustrative examples of innovative instruments, including the use of special drawing rights directed to fund the IMF's Resilience and Sustainability Trust, sovereign green bonds and debt swaps and *encourages* that these could increasingly be used to further scale the mobilization of climate finance;

(d) *Emphasizes* the importance of mobilizing private climate finance to address the needs of developing country Parties and encourage the increased mobilization of private

²² UNFCCC Standing Committee on Finance. 2021. *First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement*. Bonn: UNFCCC. Available at <https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing>.

climate finance including through the use of blended finance and innovative instruments, as appropriate;

(e) *Recognizes* the importance of climate finance continuing to respond to the needs and priorities of developing countries, including by increasing adaptation finance, particularly for LDCs and SIDS;

(f) *Underlines* the importance of progress on enhancing access to climate finance and *encourages* Parties to consider ways to continue to facilitate progress on this issue;

(g) Encourages data providers and aggregators to provide geographically disaggregated data on climate finance provided, mobilized, needed and received as well as information on the gender-responsiveness of climate finance to increase the overall transparency and improve the assessment of progress in achieving the USD 100 billion goal;

(h) Affirms the importance of concessional finance instruments and taking into account debt sustainability for developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints such as LDCs and SIDS, particularly as it relates to adaptation.
