Arab Group Submission on the Baku to Belem Roadmap to 1.3T

Introduction:

The Arab Group has made one previous official submission on the Baku to Belem Roadmap to 1.3T. Our submission remains active and is annexed to this submission. This updated submission adds to and complements our previous submission for the group; however, it does not replace or supersede our previous submission.

The Arab Group appreciates the efforts of the current and incoming Presidencies in engaging Parties ahead of the development of the roadmap. As stated in our previous submission, the roadmap is a presidency owned product rather than a negotiation product. As such, we expect that the roadmap will not be integrated into negotiations throughout discussions within COP30.

The Arab Group expresses deep concern regarding ongoing work within the Circle of Finance Ministers. While the group appreciates the invitation of some of its members to engage in these discussions, it notes that the format remains exclusive both in its representation and the manner of the development of its outcomes. With respect to the contents of the draft report, which is set to feed into the roadmap, we express deep concern with the prescriptive approach taken. While the approach and manner in which work is conducted is outside of the purview of Parties, we do appreciate and understand that the approach to consultations and the content of products developed as a result will have a direct bearing on how these products are approached in subsequent discussions.

The Arab Group believes in the ability of developing countries to meaningfully contribute to the global discourse on climate finance, on an equal footing. Our experiences, lessons learned and expertise are valuable and necessary components to the discussion and must finally take their appropriate place in this discourse.

What are priority short-term (by the end of 2028) and medium-to-long-term (beyond 2028) actions necessary to enable the scaling up of financing for climate action to developing countries? Based on experience to date and evidence, what can those actions contribute to in terms of progress in enabling the scaling up of financing?

Short-term actions

1. **A plan of action for Article 9, paragraph 1, of the Paris Agreement:** Climate finance, in general, is not without its challenges and barriers. This is why discussions such as those relevant to the roadmap permeate global institutions and gatherings alike. A key discussion, however, has been absent in the discourse owing to perceived political sensitivity and heightened sensitivity to the geopolitical and socioeconomic realities of our partners. However, the appropriate response to the existence of challenges is not concession and withdrawal, rather it is the careful consideration of the nature of these challenges and the bravery to put forward solutions that work for all while addressing these underlying challenges. Some challenges, in our view, are structural and cannot be resolved by a business-as-usual approach to public climate finance from developed countries. Government changes, bureaucratic processes and competing interests often paralyze climate finance decisions, rendering them as footnotes to budget negotiations and policy

initiatives in many developed countries. Although governments and priorities may shift, climate change remains ever present and impacting developing countries. Structural challenges require structural solutions. **Therefore, we propose launching a plan of action to deliver Article 9.1 of the Paris Agreement focused on moving budget approval processes for climate change from annual to multi-year, adopting specialized procedures for climate change support budgets, immediate transfer of pledges to holding trust funds pending the finalization of contribution agreements, and a marked increase in ambition and transparency, both backward and forward looking, on the delivery of Article 9.1 in real terms.** A key component of this action plan must be rooted in harmonizing reporting and accounting methodologies used by developed countries in the context of their reporting obligations under the ETF, Article 9.5 and Article 9.7 of the Paris Agreement. Currently, climate finance is reported at different stages of the process, some reporting pledges while others measuring climate finance upon disbursement. This leads to multiple conflicting accounts of how much was provided in a given financial or calendar year. Therefore, a unified accounting methodology in developed countries must be a key core element of this action plan. A commitment to multilateralism is not merely satisfied by promises or signaling, it is the commitment to deliver agreements through tangible action. In a world that is committed to multilateralism, the provision of climate finance from developed countries to developing countries cannot be a redline to anyone nor can it be a politically sensitive topic that cannot be objectively assessed. **Delivering on Article 9.1 is the single most important test to this multilateral system and whether we can deliver on this in COP30 will indicate if we can bring the vision of a fair system for developing countries into reality, or if we will retreat to the comforts of unfairness and preferential treatment to those historically privileged at the expense of those historically disadvantaged.**

2. **A lifeline for Vertical Climate Funds (VCFs):** The New Collective Quantified Goal on Climate Finance sets out a target to triple the outflows of the operating entities of the financial mechanism and the Adaptation Fund, however the reality on the ground has not been encouraging. Pledges have been withdrawn from key funds, while other partners have not demonstrated a commitment to the long-term funding of these funds. In the Fund for Responding to Loss and Damage, progress has been slow on establishing a replenishment process, finalizing a resource mobilization strategy and converting pledges into fully fledged contribution agreements. With **around USD 700 million pledged,** the trajectory has not matched the needs of developing countries, nor the target outlined in the NCQG decision. **In line with Article 9, paragraph 1, of the Paris Agreement, developed countries should be called upon to issue a joint pledging agreement based on fair burden-sharing outlining their plan to triple the outflows of these funds.** We expect this to be a central component of the plan of action for Article 9.1.
3. **Complementarity and coherence of VCFs:** Existing work on complementarity and coherence has been ineffective to address the access barriers and bureaucracy impeding access to VCFs. Existing dialogue has occurred outside the context of the UNFCCC or among the executive leadership of these funds without the active engagement of their Boards. A cohesive and effective vision for VCFs, fitting the needs of developing countries, requires **a clear framework of work that involves the boards, executive leadership and**

stakeholders of VCFs working collaboratively to outline opportunities for coherence and to strategically place VCFs within the broader climate finance landscape to maximize delivery. A low-hanging fruit, this redefined approach to this work will revitalize progress and bring it in line with the strategic direction of the different boards in a manner that secures buy-in, policy development and translates ideation into concrete board decisions that will leave a lasting impact.

4. **Revisiting and assessing the climate risk disclosure approach:** Climate risk disclosures and the integration of climate risk in investment decisions have increased the cost of capital for an assessed set of developing countries by 1.17%, equivalent to around USD 150 billion as an added cost by the end of the decade.[1] **A study on the unintended consequences of disclosures and reporting is needed to further assess its benefit to developing countries and whether such an approach should be promoted. This study should be carried out by an independent task force consisting of members from developed and developing countries and engage in public consultations in its efforts.** A science-based understanding of the integrity of basing business planning on long-term scenarios (10+ years) is also needed. As the time horizon increases on enterprise risk management approaches, the relevance, robustness and integrity of the approach decrease. As investors look to risk and return, a higher risk profile in developing countries owing to their vulnerability to climate change and measures to address climate change in addition to their existing real and perceived risks, **less money will flow to where it is needed if the unintended consequences are not carefully examined and evaluated.** Finally, as developing countries expend their maximum efforts to implement the Paris Agreement, **they have the right to exercise the available flexibilities afforded to them in line with equity and CBDR-RC, such as carbon neutrality at later dates, more flexible reporting burdens, financial support from developed countries and the careful consideration of the adverse effects of response measures.** These elements have been absent from the discourse on disclosures and reporting and therefore have complicated their adoption and support. Furthermore, a nuanced understanding that the physical and transition risks differ across jurisdictions and that there is an overall need for corporations to support the implementation of national plans are key missing factors. **Multinational corporations at times institute company-wide targets and activities across multiple jurisdictions in a manner that is not aligned with national pathways, plans, timelines and priorities and that does not account for the fact that physical and transition risks differ across jurisdictions.** A course correction is needed to ensure that, within jurisdictions, a variety of stakeholders work together towards the targets of that jurisdiction in line with the approaches and plans of these jurisdictions. Climate action cannot be delivered by government alone, and the private sector must follow the lead of the government in achieving its targets.
5. **Ending unilateral measures in an age of international cooperation:** Addressing climate change requires an open and supportive international economic system that facilitates trade and investment particularly in developing countries. Those countries with systemic historical advantages have the responsibility to facilitate this open and international

[1] https://wedocs.unep.org/handle/20.500.11822/26007?show=full

economic system. Before the end of 2028, unilateral trade measures must be phased out and ended, replaced with productive engagement and facilitation. **In this regard we propose creating an opt-in pledge to facilitate an open and supportive international economic system that leaves no one behind. The age of imposing economic coercion in developing countries and turning away from their legitimate concerns cannot continue.** Unilateral trade measures in one such jurisdiction are set to cost developing countries around USD 6 billion in lost income, while developed countries are set to gain USD 3 billion – widening the gap between North and South.[2] Throughout history the approach of maximizing self-serving commercial and trade interest at the expense of overall prosperity has led to an imbalanced world with structural advantages secured for first-movers and long-term cyclical struggles for the rest. Such an approach is not a basis to build the international economic system for the next decades, in which sustainable development is attainable by all, leaving no one behind.

6. **Reinvigorating the private sector and de-risking investments:** A policy of reproachment and a one-size-fits-all approach have long been the basis for private sector alliances and pledges. While these approaches may have gained traction in their early years, they have proven to be less resilient over time, as banks and institutions have left these alliances and pledges in droves. The solution is not to complain about the symptoms; however, it is to consider the root cause of this retreat from cooperation on climate action. The Arab Group believes that the Paris Agreement itself holds the key to many of these questions. Structured as a bottom-up agreement that respects different timelines, approaches, pathways and circumstances, the agreement maximizes buy-in and engagement in the spirit of facilitation and cooperation. This has allowed it to be among the most ratified agreements globally and to meaningfully deliver on enhanced ambition and implementation to adjust the global temperature increase trajectory since its adoption. Lessons have been learned over the course of the ten years since the adoption of the Paris Agreement; we have learned as an international community and have a renewed opportunity to structure our cooperation in an effective manner. While we have made proposals over the course of these years as an international community, some have been effective while others have fallen short. As countries finalize their submissions of their upcoming Nationally Determined Contributions and publish their NAPs, the aim should be to avoid preparing documents to be shelved, rather we should aim to galvanize action around these new and more ambitious plans. In this context **the Arab Group proposes launching a new coalition for the private sector focused on contributing to the delivery of latest NDCs and NAPs in the jurisdictions within which they operate.** This coalition will be centered around a pledge to support countries in delivering on their national plans under the Paris Agreement, in line with their timelines, pathways and approaches, in a manner that translates these plans into concrete implementation, contributing to sustainable development and poverty eradication. As countries tailor their approach to their circumstances, the private sector should be adaptable and adjust their approach to avoid fragmentation and the transplanting of policies from other jurisdictions. The alliance will take on a decentralized and disaggregated approach fit to match the complexity and diversity of our world, rather

[2] https://unctad.org/news/eu-should-consider-trade-impacts-new-climate-change-mechanism

than adopt broad and global approaches that may not be applicable across jurisdictions. **Country platforms that integrate NDCs' unconditional components (conditional components to be delivered by developed country Parties) could be a useful tool to inform the participation of the private sector as well, providing a basis for action and coherence in a given jurisdiction.** When a variety of stakeholders buy-in to a national plan, NDCs will be implemented, new NDCs will be submitted with higher ceilings, and those will subsequently be implemented. The result will be cascading, more implementation feeding more ambition in line with national needs and priorities. We would like to emphasize, however, that while the private sector's contribution toward the 1.3T is crucial, it should complement, rather than overshadow the primary objective of achieving the 300 billion target.

7. **Pipeline preparation facilities to be launched to support developing countries:** On the road to 1.3T, developing countries require support in line with Article 9 of the Paris Agreement to build out and prepare a pipeline of projects in support of their national plans and priorities. With Nationally Determined Contributions at the center of this effort, **we recommend the launch of facilities aimed at translating NDC priorities into project and program proposals.** Concessional funding in line with Article 9.1 of the Paris Agreement will be core to scaling these facilities, which could take on a regional focus to capitalize on synergies and shared priorities across regions.
8. **A common approach to costing the needs of developing countries:** Currently developing countries lack guidance on where and how to report on their climate finance needs for mitigation, adaptation, loss and damage and cross-cutting elements. This makes aggregation impossible to conduct without having to make the decision of either eliminating the risk of double counting (repackaging Official Development Assistance) or underreporting the needs by only assessing needs across the same report type and reporting period (NDCs up to 2030 for example). The Baku to Belem roadmap is a unique opportunity to discuss and harmonize the approach for costing and reporting needs for climate finance – this can have a deeply transformational impact in the field of climate finance in a manner that can catalyze support well beyond 1.3 trillion USD.
9. **Enhanced reporting for support provided:** Aside from their obligations under Article 9.1, developed countries are required to biennially communicate indicative quantitative and qualitative information on their contributions under Articles 9.1 and 9.3, including, projected levels of public financial resources to be provided to developing country Parties. In this regard, when developing the roadmap, the Presidencies should take into account not only the quantitative needs for reaching 1.3 trillion USD, but also the quality of finance provided by developed countries. This includes ensuring that finance is directed towards the implementation of NDCs and NAPs of developing countries, and that instruments are not burdensome to developing countries.

Medium-to-long-term actions: Mid-to-long-term actions will be difficult to set due to the reality that contexts change over time. Should the roadmap include a concrete set of actions for the mid-to-long-term, the Presidencies might risk rendering the roadmap obsolete or irrelevant in the future. Addressing climate change is an evolving endeavor that is consistently shaped and informed by lived experience, circumstances and emerging lessons learned. We therefore prefer to present a general reflection on how short-term actions can progress rather than presenting a concrete and

prescriptive set of actions that may be too rigid to respond to the dynamic nature of addressing climate change including technological advancements and scientific insights.

1. **Faithful implementation of the plan of action for Article 9.1:** With many finance-related roadmaps and initiatives previously announced within the UNFCCC, implementation, delivery and transparency have fallen short in a manner that undermined trust in the process. A key ingredient to multilateral cooperation is trust. Without trust, partnership and collective action are both undermined to the detriment of our shared objectives. Therefore, over the long-term beyond 2028, the delivery of Article 9.1 and its action plan must be followed through and reported on up to 2035 and the delivery of the NCQG decision. This includes the joint pledging plan to triple the outflows of VCFs and the reforms necessary to enable the higher disbursement of climate finance provision from developed countries.
2. **Achieve a coherent and complementary system of VCFs in line with the needs of developing countries:** Beyond 2028, the work on complementarity and coherence between VCFs would have been completed and operationalized. Each fund will deliver in its unique way to advancing climate action and resilience in developing countries, playing to its strengths while avoiding duplication. Accreditation and project approval processes would be streamlined and administrative burdens reduced, enhancing efficiencies in the budgets of VCFs increasing both availability of funds and the accessibility of these funds. Direct access entities would be placed at the center of their work, enhancing country ownership and delivery in line with needs. Beyond 2028, the VCFs will play their role in a wider climate finance landscape, willing and able to take on additional risk compared to other funds and institutions and going where others are not prepared to go.
3. **Project pipelines are prepared and sufficient to accommodate 1.3T and needs of developing countries are aggregable and costed:** The launch of project preparation facilities has culminated in the development of robust project pipelines in developing countries suited to their circumstances and able to receive funding from VCFs and other channels. Beyond 2028, developing countries have outlined project proposals reflecting what would be needed to implement their national plans, allowing them to leverage resources in a cohesive manner consistent with their contributions. Beyond 2028, there will be a clear indication of the scale of developing countries' climate finance needs across thematic areas, allowing them to understand the gap in climate finance and to plan to attract investments and support from developed countries accordingly.
4. **Nationally determined and bottom-up efforts to build enabling environments:** Beyond 2028, the private sector and other non-governmental entities are fully aware and considerate of the different circumstances, plans, and priorities of developing countries in which they operate. Developing countries are pursuing domestic policies to improve their business friendliness and attract the engagement of the private sector, such as reducing administrative bureaucracy, clarifying legal requirements and increasingly digitizing government processes. Climate-related policies are considered in the context of a country's broader development priorities and synergies between development and climate plans are maximized. These plans are clearly communicated to the public and private entities are engaged in the design and implementation of initiatives aimed at achieving national climate objectives. Public-private partnerships are scaled up and a pragmatic and positive approach is taken to advancing progress on domestic climate efforts in a manner

that contributes to economic growth and prosperity. A win-win policy approach would tailor policies to domestic circumstances, focused on enhancing socioeconomic and climate outcomes. Approaches reflect the IPCC's guidance that "effective policy packages would be comprehensive, consistent, balanced across objectives, and tailored to national circumstances (high confidence)."[3]

5. **The private sector and other actors are not transplanting developed country approaches to developing countries but rather are important players in implementing Nationally Determined Contributions:** Beyond 2028 the private sector and other actors are adopting a nuanced, pragmatic and country-driven approach to climate action in a manner that reflects equity and the principle of common but differentiated responsibilities. They adapt to different contexts and look to advance solutions that are context-relevant and fit-for-purpose. This leads to increased implementation and cooperation rooted in positive partnerships that channel financial investments and capital to the projects necessary to achieve national objectives. On the aggregate level, this adds up to progress in implementation in developing countries addressing emissions and raising resilience in a manner that contributes to the achievement of the goals of the Paris Agreement. Rather than changing course mid-journey, these entities confidently take strides forward backed by a clear policy direction in the country rooted in their official plans communicated internationally in the context of NDCs under the Paris Agreement. Industry players are consulted, involved in and implement initiatives side by side with non-governmental organizations, the government and supported by blended finance.
6. **Beyond 2028, concrete steps and course corrections are taken to meaningfully contribute to an open and supportive international economic system:** Developed countries welcome their responsibility to demonstrate leadership in climate action, and in the spirit of equity, reverse course on unilateral trade measures that are set to harm developing countries economically. Rather than thinking within the confines of trade and commercial interests, countries work together to identify win-win scenarios rather than win-lose scenarios. In this era, **implementation is advanced through dialogue, opportunity and collaboration rooted in respect for national circumstances and respective unique challenges.** Challenges become opportunities and positive cooperation is the norm **and the pledge to support an open and supportive economic system is well-supported**.
7. **Discussions on climate finance-related policies and approaches are based on careful assessments of unintended consequences and a clear understanding that the policy mix will differ across countries:** Rather than expressing discomfort with the diversity of approaches, this diversity is welcomed as it is reflective of different national circumstances. Different approaches are assessed to evaluate their unintended consequences and countries take tailored approaches to enhancing their enabling environment in line with their broader development and economic objectives. Beyond 2028, countries take informed policy decisions that are consistent with their national circumstances and fit for their economic structures and contexts aimed at attracting climate finance to their initiatives and priorities.

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[3] IPCC_AR6_SYR_SPM.pdf

What strategies can be implemented to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions?

According to the AR6 Synthesis Report Summary for Policymakers "losses and damages will continue to increase, including projected adverse impacts in Africa, LDCs, SIDS, Central and South America, Asia and the Arctic, and will disproportionately affect the most vulnerable populations."[4] All developing country regions are vulnerable to the adverse effects of climate change.

As a regional group consisting of developing countries, Arab states, most of which are located in the Middle East, are vulnerable to the impacts of climate change in particular ways, with issues such as droughts, desertification, extreme temperatures and water scarcity and security being exacerbated by the increase in the average regional temperatures.

According to a study titled "Climate Change and Weather Extremes in the Eastern Mediterranean and Middle East," the average temperatures in the region are set to increase by 5°C by 2100.[5] The study concluded that for every degree of global warming, parts of the region will experience a robust regional warming of 1.4°C–1.8°C.[6] The stark realities facing the region are corroborated by calculations of the heat index that indicate that several areas across the region may reach temperature levels critical for human survivability, representing loss in territories, forced migration and potential non-economic losses in culture and heritage.[7] According to RICCAR, projections for RCP 8.5 at mid-century are spatially similar to the RCP 4.5 scenario at the same time period, but with an additional 1 °C temperature increase overall.[8] By end-century, the warming clearly intensifies with a 5 °C increase in temperature in North Africa compared to the reference period (1985–2005), 7 °C in Algeria and Morocco, 5 °C in the Mashreq area and Arabian Peninsula and reaching 7 °C in Iraq and Saudi Arabia.[9] According to the World Bank, in a 4°C world, mean summer temperatures are expected to be up to 8°C warmer in parts of Algeria, Saudi Arabia and Iraq by the end of the century.[10]

There is unequivocal evidence that this is related to anthropogenic activities and is mostly driven by elevated **global** concentrations of GHG gases in the atmosphere.[11] This **regional warming** is accelerated over the past four decades to reach about 1.4°C–1.5°C compared to the beginning of the twentieth century.[12]

Strategies that can be implemented:

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[4] IPCC_AR6_SYR_SPM.pdf
[5] https://doi.org/10.1029/2021RG000762
[6] Ibid
[7] Ibid
[8] RICCAR Arab Climate Change Assessment Report (unescwa.org)
[9] Ibid
[10] https://documents1.worldbank.org/curated/en/990301468046859794/pdf/927040v10WP00O0sh0Executive0Summary.pdf
[11] https://doi.org/10.1029/2021RG000762
[12] Ibid

1. **Development and delivery of the action plan for Article 9.1: Adaptation finance still falls far short of global calls for a balance between adaptation and mitigation; in 2023, it accounted for only 4% of total climate finance[13].** Adaptation has historically not received finance from the private sector. The overwhelming majority of private climate finance flows to mitigation activities, with some estimates placing this at over 90%.[14] The action plan must have clear targets and prioritize adaptation finance to developing countries. Reliant on public funding, developing countries are experiencing shrinking fiscal space complicated by high debt-servicing. Developing countries cannot be expected to carry the burden of adaptation funding and such an approach would not be consistent with the principles and provisions of the Convention and its Paris Agreement. Other aspects of the action plan, focused on reforming national funding systems in developed countries, are concrete proposals submitted by our group to unlock further public funding from developed countries. In previous the group's submission, annexed to this submission, our group had proposed concrete fundraising proposals that developed countries may consider to enhance the availability of resources to provide to developing countries.
2. **De-risking and guarantees to unlock private finance:** De-risking is necessary to unlocking private finance for both Mitigation and Adaptation. Such investments are needed in developing countries, where the real and perceived risks are already high, and where the potential physical impact is high. As a result, progress can be achieved to effectively deploy de-risking instruments, strategies and approaches focused on FX risk, project-level risk and country-level risk as well.
3. **Encouraging regional planning and programs:** As geographies share similar projected impacts, with variation within, developing countries within a region can voluntarily work together to develop joint project and program proposals for international funding, spreading the risk of the project and further incentivizing support at affordable costs.
4. **Avoiding shifting the burden and costs to developing countries:** Sustainable development remains the overriding priority of developing countries. The roadmap must exclude initiatives and strategies that will have a clear and direct negative socioeconomic impact on developing countries and their productive sectors. Proposals that shift the costs to the ordinary people in developing countries, by pushing the burden to consumer products and everyday necessities, such as global levies or approaches that target, the shipping industry, exporting products and energy sources are a red line for our group and we will not formally acknowledge any document that supports, promotes, or references such approaches.

What other experiences, proposals or approaches could help inform and accelerate efforts to mobilize USD 1.3 trillion in financing, including through grants, non-debt creating instruments, new sources of finance, and strategies to create fiscal space?

The USD 1.3 trillion is not a mobilization target, it is an aspirational call for actors to work together to enable the scaling up finance from all public and private sources – which includes domestic and

[13] https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2025/
[14] Global-Landscape-of-Climate-Finance-2023.pdf (climatepolicyinitiative.org)

international funding. We urge the Presidencies to avoid re-interpreting the very delicate balance achieved in the NCQG decision.

We reaffirm the experiences, proposals and approaches highlighted in our previous submission as presented in the annex to this submission.

Paragraph 7 includes a general call on all actors to work together, this means that the USD 1.3T aspiration includes all climate finance. Paragraph 7 sets the context of the remaining paragraphs. Paragraph 8 outlines that a goal for USD 300 billion was established for developed countries while also intending to count climate-related outflows from MDBs attributed to them – this is a subset of the USD 1.3T. Paragraph 9 outlines that voluntary South-South cooperation is in the context of the USD 1.3T – this is clear as it was not a sub-bullet under paragraph 8.

What key actors and existing multilateral initiatives should be considered or involved, as appropriate, to support the delivery of the USD 1.3 trillion target?

1. **Governments:** Through the delivery of Article 9.1 and Article 9.3 by developed countries. Through domestic resource mobilization and through voluntary South-South Cooperation.
2. **National Development Finance Institutions:** A key channel for domestic resource mobilization.
3. **Bilateral Development Finance Institutions and Public Entities:** Bilateral aid agencies which include funding from developed countries under Article 9.1 and 9.3 of the Paris Agreement as well as voluntary South-South Cooperation in line with Article 9.2 of the Paris Agreement.
4. **Multilateral Climate Funds:** Referred to in this submission as VCFs.
5. **Public Financial Institutions:** Public financial institutions engaging in voluntary climate finance.
6. **Private Financial Institutions:** Banks and funds engaging in climate finance, representative of the private sector.
7. **Households and Individuals:** Consumers across the world.
8. **Corporations:** Companies that are engaged in climate finance.
9. **Philanthropies and NGOs:**

The above actors averaged USD 1.27 trillion in climate finance across all countries in 2021/2022, and USD 1.903 trillion in 2023 according to Climate Policy Initiative, showing these actors have the potential to work together to enable the scaling up of climate finance to developing countries. These actors do not all have the same role, where developed countries have a legal obligation to provide funding, at least USD 300 billion, by 2035 through public funding channeled by the government or state institutions such as bilateral development financial institutions or international institutions such multilateral climate funds. All other forms of climate finance are voluntary in nature.

As for initiatives, we reassert that initiatives selected have to enjoy consensus among all Parties of the Paris Agreement.

The work should take into account relevant multilateral initiatives; however, it should only focus on those initiatives that have been already established and agreed. The work should not venture into

advocacy for new initiatives, especially where there is no consensus and there are divergent views. We caution the presidencies from exploring approaches that would be detrimental to the interests of developing countries and their economic growth as that would be contrary to the purpose of this exercise. This includes any discussion on international taxes or levies in addition to the targeting of any sector as these are not agreed, there is no consensus on these, and they present economic implications on developing countries that many countries do not accept.

Furthermore, as it relates to multilateral initiatives, the presidencies should focus only on inclusive forums that have representation from all or most Parties of the UNFCCC and its Paris Agreement and that are reflective of the differentiated obligations of these agreements. For this reason, we do not find it appropriate to include, reference or build on any of the work taking place in exclusive forums such as the G7, G20, GFANZ, Coalition of Finance Ministers or other similar groups noting that there are many ongoing discussions within the United Nations (e.g., UNCTAD) that include a broader range of participation and cover many topics relevant to this discussion and work.

ANNEX: Previous Submission

Arab Group Input based on Guiding Questions

What are your overall expectations for the "Baku to Belém Roadmap to 1.3T"?

- Our expectation is that this roadmap is a joint initiative between the current and incoming presidency of the CMA, rather than a negotiated outcome as outlined in paragraph 27 of the NCQG decision. The presidencies own this effort and work, however, they should ensure that Parties' views are adequately reflected and addressed in the work.
- We also caution the presidencies from adopting approaches that are not consistent with the principles and provisions of the United Nations Framework Convention on Climate Change and its Paris Agreement, in particular any approach that shifts obligations from developed countries to developing countries, including in violation of our latest decision on the NCQG.
- The roadmap should not be a timeline with milestones and expected actions from different stakeholders, rather it should be a tool highlighting signals consistent with the principles and provisions of the UNFCCC and its Paris Agreement that could be sent to a variety of actors in the spirit of facilitation and cooperation.
- The roadmap will be an independent document published under the authority of the Presidencies, while the summary report should cover the process of developing the roadmap including consultations. We expect that the summary is inclusive and covers areas of convergence rather than focusing on areas of divergence or differing views. If a Party or group of Parties actively opposes an idea it must then be dealt with as an area of divergence. We hope both the roadmap and summary report send the right signals and messages that will make an impact in scaling up climate finance to developing countries. We also expect that they send the message that international cooperation is critical in this next decade of climate action and that such cooperation must be framed in the principles and provisions of the UNFCCC and its Paris Agreement, building on its foundations rather than shifting its obligations. Once more, this work is owned by the presidencies, however it remains an opportunity to send strong messages to the international community and we support the work in this regard.

Which topics and thematic issues should be explored to inform the Roadmap, within the scope of the mandate?

- The focus of the roadmap must be centered on how climate finance can be scaled up to developing countries, by considering existing challenges such as high cost of capital, limited fiscal space, foreign exchange risks and other barriers to investment and how they can be potentially addressed. The roadmap can send signals from the CMA Presidencies that reflect the views of Parties as expressed in the consultations. The purpose of the roadmap is not, however, to introduce new negotiated outcomes or decisions under the CMA since this is not an official negotiated process under the CMA.
- The decision in NCQG clearly places a central focus on pathways, NDCs and NAPs and therefore a key focus must be on how climate finance investments and support can be

aligned to the needs and priorities of developing countries. Strong signals and messages, where appropriate, could be sent to private investors that countries will have different pathways, timelines, approaches and circumstances as it relates to climate action. Today, we see an overconcentration of private climate finance flows away from developing countries as private investors follow the most stringent policies and approaches that may fit in developed countries but not in developing countries. This has led to underinvestment in developing countries, placing at risk their ability to implement their national plans including their Nationally Determined Contributions. Therefore, private investors could be signaled to adequately account for geographic balance and respect for different national pathways.

- As total climate finance flows for both developed and developing countries reached USD 1.3 trillion in 2022 according to the 6th Biennial Assessment, a key finding is that the flows were concentrated in developed countries. This is because the private sector adopts the standards, approaches, and pathways of these regions while not accounting for the principles of equity, CBDR-RC and the unique needs and priorities of developing countries. The Roadmap must send clear signals to the private sector that activities, pathways, timelines, needs, priorities and circumstances will be different from country to country and that there is no single pathway for climate action. Additional signals include the need for these actors to work together to ensure geographic balance in their climate finance efforts. When considering the matter of climate finance definition, it is key that all approaches taken by Parties within their NDCs (whether first or second depending on time of submission), including carbon abatement and removal technologies and emissions management are taken into account. We would not be supportive as well of any exclusionary criteria since that would limit the scope in a manner that excludes some national pathways and approaches.
- The paragraph in the NCQG decision also places an equal emphasis on adaptation and mitigation by referencing both NDCs and NAPs, and both low greenhouse gas emissions and climate resilient development. Therefore, a key message must be that climate finance, on the road to 1.3T, must be balanced between mitigation and adaptation.
- On instruments, there is a focus on grants, concessional, and non-debt-creating instruments and measures to create fiscal space. While the NCQG decision covered Articles 9.2 and 9.3 of the Paris Agreement, there is a gap when it comes to Article 9.1 of the Paris Agreement. This is an opportunity to explore how Article 9.1 can contribute to the road to 1.3T by developed countries scaling up the provision of grant, concessional and nondebt-creating finance to developing countries. The roadmap must send strong signals, in particular in the current context, that developed countries must honor their obligations in this multilateral system in particular as it relates to their climate finance obligations. It should consider the constraints in developed countries, including current budgetary approval processes and political constraints, and suggest ways to overcome these challenges to ensure Article 9.1 is fully operationalized and implemented.
- On instruments as well, the Roadmap should also focus on how guarantees and blended finance can be deployed in a more effective and catalytic manner by developed countries. Leverage ratios have been notoriously low for climate finance and tackling this issue has the potential to increase the flows of climate finance to developing countries.

- The roadmap, in the context of grants, concessional and non-debt creating instruments, should also focus on the potential role of philanthropic support for climate finance, which traditionally has been at relatively low levels. How can philanthropies be encouraged to scale up support to developing countries for climate action?

What country experiences, best practices and lessons learned can be shared related to barriers and enabling environments; innovative sources of finance; grants, concessional and non-debt creating instruments, and measures to create fiscal space?

- While we definitely see the value of presenting case studies and success stories, as there are plenty across developing countries, we do not agree with the premise of the question that the focus should be on actions that developing countries can take. There are many barriers to access to private climate finance that developing countries experience that are largely outside of their control. These include misinformed perceptions among private investors that developing countries are not attractive destinations for investment or a general bias towards developed countries – this is what the data reflects to a large extent. Therefore, as a document that will be set forward in an international context, the main messages should be to private climate finance actors in the global North on the need to support developing countries in a manner consistent with their needs and priorities.
- We often see an urge to institute one-size-fits-all and top-down global reforms and regulatory and economic measures. While the aim is often times to enhance ambition, in reality this approach is in contrast to the best available science and considerations of equity. The IPCC's AR6 SYR SPM is clear in that effective policy packages are tailored to national circumstances. This means that the policy mix will differ from country to country. Rather than shying away from this, this fact should be embraced in a manner that affords countries the appropriate policy space to advance the implementation of national climate plans. Additionally, rather than placing undue pressure on developing countries to institute specific reforms, capacity building should be afforded to allow developing to tailor the appropriate policies to their context to advance both economic development and climate action.

Which multilateral initiatives do you see as most relevant to take into account in the Roadmap and why?

- The work should take into account relevant multilateral initiatives; however, it should only focus on those initiatives that have been already established and agreed. The work should not venture into advocacy for new initiatives, especially where there is no consensus and there are divergent views. We caution the presidencies from exploring approaches that would be detrimental to the interests of developing countries and their economic growth as that would be contrary to the purpose of this exercise. This includes any discussion on international taxes or levies in addition to the targeting of any sector as these are not agreed, there is no consensus on these, and they present economic implications on developing countries that many countries do not accept.
- Furthermore, as it relates to multilateral initiatives, the presidencies should focus only on inclusive forums that have representation from all or most Parties of the UNFCCC and its

Paris Agreement and that are reflective of the differentiated obligations of these agreements. For this reason, we do not find it appropriate to include, reference or build on any of the work taking place in exclusive forums such as the G7, G20, GFANZ, Coalition of Finance Ministers or other similar groups noting that there are many ongoing discussions within the United Nations that include a broader range of participation and cover many topics relevant to this discussion and work.

Overview of climate finance

In 2022, global climate finance flows reached an estimated USD 1.46 trillion. The USD 1.46 trillion in climate finance flows was mostly contributed by developing countries. Just over 59% ($861 billion) of global climate finance came from developing countries, whereas developed countries accounted for nearly 41% ($599 billion). This data represents the total amount spent on climate finance in 2022, which includes expenditure, mobilization and investments[15]. More needs to be done by actors in the global North, in particular to channel investments, flows and grant-based and concessional funding to developing countries in line with their needs and priorities. **Out of the USD 1.46 trillion of climate finance flows, USD 496 billion occurred in Western Europe and North America compared to USD 159 billion in South Asia, Latin America and the Caribbean, Sub-Saharan Africa, and the Middle East combined.** Despite clear and repeated messages from the global South emphasizing the importance of adaptation measures, **90% of climate finance flows were directed to mitigation.** [16]

The data clearly indicates a lack of balance, between developed and developing countries, between regions and between mitigation and adaptation. The roadmap therefore must send strong signals to climate finance actors to better account for geographic balance in their climate finance flows and to better account for the different needs, priorities and pathways of developing countries.

With regards to the mobilization, developed countries are required to support developing countries in their efforts to adapt to and mitigate climate change. Through to 2025, developed countries were required to mobilize USD 100 billion to developing countries. While some have claimed that this goal has been met in 2022, the true value of their support remains lower when accounting for climate specificity and grant-equivalence. Oxfam estimates that the true value of climate finance in 2022 was overestimated by up to $88 billion.[17] The delivery of the USD 100 billion according to some methodologies was done through market-rate loans, it is not clear from our vantage point how that can be claimed as mobilization. If we are to exclude debt-creating instruments, the total "real" climate finance provided comes to between $28 billion and $35 billion.[18] Debt-creating instruments should not be counted towards climate finance towards developing countries as the amount provided will be paid back ultimately most times in the case of the USD 100 billion goal with market rate interest. **Clear messages must be sent that a transparent and fair accounting methodology must be utilized by developed countries in accounting for their climate finance support and that the shortfalls of the USD 100 billion goal across 2020-2025 must be mobilized in addition to the at least USD 300 billion agreed in Baku in COP29.**

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[15] Global Landscape of Climate Finance 2024 - CPI

[16] Global Landscape of Climate Finance 2023 - CPI

[17] Rich countries overstating "true value" of climate finance by up to $88 billion, says Oxfam | Oxfam International

[18] Ibid.

Sources of Climate Finance

Insights into the sources

The public sector pooled together an estimated $636 billion, whereas the private sector generated $635 billion, a difference of only one billion.

Between 2018 and 2022, 60% of climate finance directed to developing countries (ex. LDCs) came through public sources. **Clear signals must be sent to private climate finance providers to enhance their flows to developing countries.**

Out of the USD 1.3 trillion average over 2021/2022, multilateral climate funds only provided on average USD 3 billion – which is only 3 percent of what multilateral development finance institutions provided on average in that period. **In line with the NCQG decision, strong signals must be sent to developed countries to channel the majority of their support under the NCQG through the operating entities of the financial mechanism and the Adaptation Fund.**

Households and individuals already contribute on average USD 185 billion to climate finance flows through their purchasing decisions. **We will not be in a position to support any approach that will enhance the burden on consumers, individuals or households in the global South as they strive to pursue a better quality of life in their respective countries.** On the other hand, crowd-funding initiatives could be explored in developed countries to allow households and individuals to contribute on a voluntary basis if they are willing, in particular in the current context.

Deep-Dive on Philanthropies

Philanthropies are non-profit entities with strong sectoral mandates. They tend to display higher risk appetites and lower interests for yields, strongly deviating from their other private sector partners. Philanthropies can be utilized financially in derisking otherwise high-risk investment sectors for their private sector partners.

Philanthropies can play a critical role in boosting climate finance across regions receiving underwhelming support due to high risk and volatile investment environments. Philanthropies can be utilized in creating mechanisms for increasing global climate finance through taking “first loss” positions for their private sector partners.[19] Absorbing the first blows for the sake of other blended financiers would mitigate the risks posed on other investors; risk-mitigation. This mechanism enhances the risk-return profile, making investment more attractive to traditional private sector investors, utilizing philanthropies even further.

The philanthropic contributions are undoubtably impactful but understanding their strengths and how they can better serve other support providers can push climate finance to greater levels than anticipated or previously observed.

[19] Global Landscape of Climate Finance 2024 - CPI, Pg.30

Philanthropic foundations are not well-tracked in the realm of climate finance and clear signals that their support is needed for climate finance and to de-risk private investments are needed

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to scale up climate finance flows to developing countries. Their overall contributions are not well estimated, and better tracking methodologies are called for in quantifying their efforts. Nevertheless, their potential contributions to climate finance can be large due to their unique ability to deploy funds from a vast range of funding vehicles and dynamic and expansive risk appetites.

Financial Instruments

The Global Landscape of Climate Finance 2023 report states that debt is the most common climate finance instrument, accounting for 61% (USD 766 billion) of total climate finance. This includes market-rate debt, which accounts for 53% (USD 561 billion), balance sheet financing in the form of debt (USD 129 billion), and concessional loans (USD 76 billion), with 96% of these concessional loans provided by Development Finance Institutions (DFIs). **The reliance on market-rate debt, especially in developing economies, raises concerns about increasing debt burdens in developing countries, emphasizing the need for concessional finance.**

Equity is the second most utilized instrument, comprising 33% (USD 422 billion) of total climate finance, including project-level equity (USD 54 billion) and balance sheet financing in the form of equity (USD 368 billion). Equity financing plays a significant role in supporting early-stage investments and high-risk projects, yet remains concentrated in developed markets, highlighting the need for stronger incentives and de-risking mechanisms to enable investments in developing economies.

Grants, primarily provided by governments and philanthropic organizations, constitute 5% (USD 69 billion) of total climate finance. While grants are important for adaptation projects, they remain underfunded relative to needs. Adaptation finance continues to lag, with concessional loans and grants making up only 38% of total adaptation finance, while market-rate debt accounts for 60%. Given the rising costs of climate-related events, there is a growing call for increased grant-based financing and blended finance solutions to attract private investments into adaptation projects.

How can we scale up concessional financing?

Article 9.1 of the Paris Agreement places an obligation on developed countries to provide climate finance to developing countries.[20] To ensure their obligations are met, developed countries should consider a multitude of measures to maximize their outflows and minimize drawbacks. These commitments are in continuation to their existing obligations set out in Article 4 of the Convention. Article 4.7 of the Convention stipulates that such support shall fully take into consideration its effects on developing countries' economies, social conditions, and poverty eradication.[21] These

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[20] Article 9, Paragraph 1 of the Convention, "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."

[21] Article 4, Paragraph 7 of the Convention, "The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their

modalities set out in the convention signal to developed countries that their contributions should not impede the process of development; to this extent, developing countries require such financing to be highly concessional to not increase their susceptibility to debt distress, economic burdens, and poverty

exacerbation. Commitments must therefore align with the needs and priorities of developing countries to ensure the eradication of poverty, economic growth, and sustainable development.

The status of climate finance mobilized to developing countries is underwhelming and the USD 100 billion annual mobilization target by 2020 has not been achieved. Furthermore, the overwhelming majority of support mobilized to developing countries have been non-concessional and reflect market-level costs. These actions by developed countries have exacerbated economic, social and poverty eradication challenges in developing countries, placing a heavy burden on their future in carrying out debt servicing. By the end of 2022, developing country debt reached an alarming $11.4 trillion by the end of 2022. This marks a 15.7% increase and debt in developing countries is mounting.[22] UNCTAD states that some developing countries are spending 23% and 13% of their export revenues to pay off external debt, and this alone is not sufficient. **Based on this data, there is a clear need for enhanced concessional and grant-based funding to developing countries in accordance with Article 9.1 of the Paris Agreement. We can no longer solely focus on the mobilization side of Article 9, without clearly charting a way forward for provision obligations.**

Annex II countries spent USD 13 trillion in 2022 in government expenditures. Only 3.4% of government expenditures and 0.8% of GDP will generate USD 441 billion per year in grant-based concessional funding. **Less than one percent of developed countries' GDPs, if new and additional, will add USD 441 billion to the existing USD 861 billion in climate finance flows to developing countries to reach USD 1.3 trillion assuming no increases from any other source in the next 13 years even when not accounting for inflation and not accounting for the increase in their mobilization goal.**

There is also the question of whether that is politically feasible, and that is a legitimate question as long as there is agreement that the matter in question is not whether resources exist in developed countries it is whether there is political will to prioritize climate change.

While the NCQG decision covered Articles 9.2 and 9.3 of the Paris Agreement, there is a gap when it comes to Article 9.1 of the Paris Agreement. **This is an opportunity to explore how Article 9.1 can contribute to the road to 1.3T by developed countries scaling up the provision of grant, concessional and non-debt-creating finance to developing countries beyond the USD 300 billion, which focuses on mobilization**. The roadmap must send strong signals, in particular in the current context, that developed countries must honor their obligations in this multilateral system in particular as it relates to their climate finance obligations. It should consider the constraints in developed countries, including current budgetary approval processes and political constraints, and suggest

commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties."

[22] UNCTAD urges reforms on global debt architecture amid rising distress | UNCTAD

ways to overcome these challenges to ensure Article 9.1 is fully operationalized and implemented.
Budgetary Reform:

- **Budget optimization:** Budget optimization and budgetary reforms in developed countries can help increase efficiency, reliability and scale of finance provided to developing countries. This would require standardized reporting mechanisms that ensure climate finance contributions are accurately disbursed, reported and tracked for obligatory support, including accounting methodologies that report in **grant-equivalent terms**.

- **Multiyear budgets:** Budgetary reforms entail moving from annual to multiyear budgets and long-term programming of climate finance.
- **Streamlining approval processes:** Streamlining approval process for climate change support and budget.
- **Special climate change procedures:** Prioritizing climate change support as a separate budget category with special procedures.
- **Instant disbursement to temporary trust funds:** Developed countries to develop a mechanism whereby all their climate finance commitments take the shape of contributions rather than pledges. Innovative approaches such as instant disbursement to a temporary trust fund pending contribution agreements between the government and the climate finance channel can be explored. This is to avoid shortfalls in commitments and to weather any geopolitical developments or instability. Experience has shown that pledges over the course of multiple years and changing political realities have been ineffective at driving conversion and contributions. We therefore suggest that all pledges are immediately converted into a temporary trust fund pending the completion of relevant agreements and documents that would allow disbursement to the intended channel, whether multilateral or bilateral.

Domestic measures that developed countries can implement to scale up funding:[23]

- **Using fees collected from auctions under the EU ETS can scale up climate finance** to developing countries. Revenues from EU ETS auctions could be used as a highly concessional financial resource when disbursed to developing countries. **Revenues from auctions under the EU ETS generated EUR 38.8 billion in 2022 and can cover around 10% of the USD 441 billion referenced above alone.[24]**
- **Financial Transaction Tax in Developed Countries:** A large portion of global capital exists in stock exchanges, mostly in developed countries. A 0.5% trade tax, 0.1% for bonds and 0.005% for derivatives only for one country would result in **USD 220 billion (49% of the USD 441 billion) in the first year and USD 2.4 trillion over 10 years.**
- **Fashion Tax:** Luxury fashion brands in developed countries do not contribute to food, water and energy security and are considered high-end purchases. A 5% tax on annual sales of the

[23] While this paper suggests measures that can be taken by developed countries, we note that in the bottomup nature of the Paris Agreement the matter of taking up these measures is a nationally determined issue. However, the difference between proposing measures on developed countries versus developing countries, is that developed countries have a legal obligation to provide climate finance in light of their historical responsibility for climate change.

[24] Exchange rate as of 18/03/2025.

top 90 fashion firms in developed countries would result in **USD 34 billion per year (around 8% of the USD 441 billion) and USD 340 billion over ten years.**

- **NDC support bonds:** USD 120 billion in Sovereign GSSS bonds were issued between January – September 2023 alone, USD 91 billion of which were issued in developed countries. GSSS sovereign bond issuance increased by 177% from 2020 to 2021. **A similar increase in issuance from the baseline of USD 91 billion which will be dedicated to support NDCs could amount to up to USD 70 billion per year (16% of the USD 441 billion).** Developed countries can issue NDC Support Bonds with use of proceeds designated to support

developing countries' NDCs, this way the debt-burden is carried by developed countries while the liquidity is provided to developing countries.

Measures that developed countries can implement to scale down barriers:

- **Ending carbon border adjustment mechanisms:** The Carbon Border Adjustment Mechanisms places a tax on foreign imports into the European based on carbon emissions and represents a restriction in international trade disguised as a climate measure. **Despite only reducing global emissions by 0.1% CBAM is set to cost developing countries around USD 6 billion in lost income (1.4% of the USD 441 billion), while developed countries are set to gain USD 3 billion resulting in a USD 9 billion income gap as a result of the measure.**
- **Phasing out substantial climate subsidy packages in developed countries:** The Inflation Reduction Act of the United States has many domestic benefits however, it is creating a global trade environment that is not fair, especially for developing countries. **The IRA is set to increase total economic output for all sectors for the US by ~USD 150-490 billion dollars while decreasing economic output for all sectors in a large set of developing countries by ~USD 90 to 350 billion (20-79% of the USD 441 billion).**

Signals needed for private sector actors

To foster growth in developing countries the private sector must break down the barriers they set through their investment criteria and should consider taking a fluid approach in engaging in different projects in different investment environments. Developing countries require greater investment from the private sector and signals must be sent to encourage greater investment in low-serviced regions.

Geographical outreach

Geographical outreach in climate finance is a necessary factor that must be considered by investors. Climate finance is distributed unequally and inequitably across different regions and support to developing countries for climate change has been underwhelming. While achieving substantial returns is a necessary factor for consideration by the private sector, unlocking regions through lower yields in the short term can lead to the creation of a stronger investment environment

in the longterm. This could create a sandbox environment for investors led by the national priorities of countries, opening potential doors for future growth and investment opportunities.

Nevertheless, it is no longer enough for private investors to track the impact of their climate investments by GHG reduced or number of people affected. The private sector must integrate metrics that consider the geographic balance of their overall climate investment portfolio across regions in developing countries and should integrate metrics that indicate whether the support is aligned or not with national pathways, priorities, timelines, and approaches of the countries within which they are investing.

Project Pipelines support for Developing Countries

Developed countries play an important role in helping developing countries establish project pipelines by providing financial and technical assistance. This support includes capacity building and technical assistance, which help with project preparation, feasibility studies, and risk assessment, making projects more bankable and attractive to investors. Additionally, blended finance mechanisms are used, which combine concessional finance (grants and soft loans) with private sector investments to de-risk climate projects and encourage private capital. International financial institutions and development banks also provide guarantees and risk mitigation measures, such as risk guarantees, currency hedging mechanisms, and credit enhancements, to improve investor confidence. Strengthening local financial institutions is another important aspect, as it empowers national and regional banks to design and implement climate finance instruments tailored to local contexts.

Nationally Determined Pathways

The Paris Agreement took into consideration lessons learned from the experience of Parties under the Kyoto Protocol. Acknowledging the top-down nature of the Kyoto Protocol, the Paris Agreement aimed to create a bottom-up framework where countries chose their unique pathways to tackle the nuanced issue of climate change. Instead of applying mandatory emissions reduction targets, the Paris Agreement accepted the complexity of international climate affairs and asks for Parties to establish their own nationally determined targets, pathways and approaches in a manner that reflects the principles of equity and CBDR-RC. With this framework, a multitude of pathways will arise, and this is only natural given how the Paris Agreement was conceptualized and designed.

Due to the unique economic, social and environmental conditions exhibited across the world, there cannot be a one-sized-fits-all approach when dealing with climate change. Developed countries have advanced and more resilient economies that can withstand financial, economic, social and environmental changes, but developing countries unfortunately do not have this capacity. Developed countries and private investors must consider the different pathways considered by developing countries and shall go out of their way to ensure these pathways supported and that private sector actors operating in developing countries integrate these pathways in their climate finance decisions.

Promoting Technology Transfer & Leveraging Carbon Management Solutions: More financial support and investments are needed to facilitate the transfer of low-emission technologies, such as carbon capture, utilization, and storage (CCUS) and direct air capture (DAC), to enhance efficiency and

reduce emissions. Emphasizing carbon management solutions can help achieve global climate goals without affecting developing countries' economic growth. While investments in CCS grew in 2021 and 2022 from USD 3 billion to USD 4.4 billion, they remain dangerously lower than required levels. The investment needed for the envisaged capacity needs for carbon dioxide capture and storage projects is estimated at USD 100-250 billion per year up to 2030 and USD 435 billion to USD 1 trillion per year by 2050 as reported by the second Needs Determination Report published by the Standing Committee on Finance.