Standing Committee on Finance

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Bonn, Germany

Background paper on the possible themes for the 2026 and 2027 Forums of the Standing Committee on Finance

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance (SCF) will be invited to consider the topics for the 2026 and 2027 Forums.

I. Possible actions for consideration by the Standing Committee on Finance

1. The SCF may wish to consider and agree on the topics for the 2026 and 2027 Forums, based on proposals submitted by SCF members, as contained in the annex.

2. Once the topics are agreed, the SCF may wish to request the co-facilitators to undertake intersessional work, as appropriate, by:

(a) Preparing relevant sub-themes on the topics;

(a) Identifying suitable venues and partner organization;

(b) Issuing a call for submissions on case studies and relevant reports.

II. Background

3. The COP mandated the SCF to organize a Forum for continued exchange of information among bodies and entities dealing with climate finance to promote linkages and coherence.[1] Furthermore, the SCF was requested by the COP to ensure the value added of its Forum when deciding on the topic of each Forum[2] and to further strengthen its stakeholder engagement.[3]

III. Proposals on the topics for the 2026 and 2027 Forums of the Standing Committee on Finance

4. On 3 April 2025, SCF co-facilitators requested SCF members to make submissions on the topics for the 2026 and 2027 Forums. The deadline for submission was later extended to 30 May 2025. The proposals made by SCF members are listed in table 1 and the rationale including the objectives and expected impact for each proposal is contained in the annex.

[1] Decision 2/CP.17, para. 121 (a).
[2] Decision 8/CP.23, para. 12.
[3] Decision 8/CP.23, para. 14.

Table 1
Proposals on the topics of the 2026 and 2027 Forums of the Standing Committee on Finance

Proposed topics	*Preferred year*
Accelerating climate action and impact through country-platforms and economy-wide investments plan	Not specified
Accelerating climate action and resilience through phasing out fossil fuel subsidies	Not specified
Building integrity with the carbon market	Not specified
Carbon Finance: climate finance and international climate action	2027
Enabling financing for the industrial transition	Not specified
Facilitating or leveraging carbon markets engagements – “Making carbon markets work for all	Not specified
Financing the energy transition	Not specified
Financing the green transition – role of diversified energy mix	Not specified
Fostering investments in low-emission and climate resilient mobility solutions	Not specified
Fostering investments in the circular economy and sustainable waste management	Not specified
Guidance on mainstreaming the new collective quantified goal on climate finance (NCQG) mandate for the work of the SCF	Not specified
Improving and measuring progress on access to climate finance	Not specified
Mobilisation of timely, adequate and affordable financial resources at scale through innovative instruments that address the cost of capital	Not specified
Ocean financing for climate action	2026
Scaling up non-debt creating and innovative financial instruments to enhance climate action in developing countries	Not specified
Tracking climate finance: Enhancing transparency and unlocking bottlenecks for effective climate finance mobilization	2026
Understanding non-market approaches and their financing in addressing climate change	Not specified

5. In addition, topics that were previously proposed for the 2024 and 2025 Forums, other than those recalled in table 1 above, are included for reference:

(a) Ensuring a national investment climate fit for climate neutrality;

(b) Innovating international cooperation mechanisms for scaling up financial mobilization towards climate neutrality;

(c) Mobilising financial support for enhancing adaptation in the agriculture sector;

(d) Blended finance and other innovative financing instruments;

(e) Building strong enabling environments for mobilizing private capital;

(f) Mobilising finance and technology support for promoting sustainable energy systems;

(g) Implementing the linkage between the Technology Mechanism and the Financial Mechanism of the Convention in enabling joint development and access to technology;

(h) Finance for climate-resilient cities;

(i) Financing non-market approaches and non-market approaches to financing;

(j) Green taxonomy for the financial sector.

Annex

Elaborated proposals for topics of the 2026 and 2027 Forums of the Standing Committee on Finance

I. Topics proposed for the 2026 and 2027 Forums

A. Accelerating climate action and impact through country-platforms and economy-wide investments plan

Rationale

1. Reducing barriers and improve access to capital and investments for climate action requires enabling conditions and an international financial architecture fit for purpose. Country-platforms based on a whole-of government and economy-wide investment plan can be an important tool to redirect financial flows to climate.

Objective and expected impact

2. The focus would support the implementation of the NCQG and could provide information relevant for the preparation of the first biennial report from the SCF on the collective progress on the NCQG, including on the qualitative elements.

B. Accelerating climate action and resilience through phasing out fossil fuel subsidies

Rationale

3. The space to discuss phasing out fossil fuel subsidies is, of course, only one side of the coin. Using this as a starting point to discuss how to scale up climate-compatible investments and policies is the other side of that coin.

Objective and expected impact

4. This focus would support both the ongoing discussion on tackling barriers and strengthening enabling environments as well as making financial flows work for mitigation and strengthened resilience.

C. Building integrity with the carbon market

Rationale

5. The core purpose of carbon markets is to incentivize genuine reductions or removals of greenhouse gas emissions. Without integrating social, environmental, and developmental safeguard measures, there is a significant risk that carbon credits do not represent real benefits. This can erode trust in the market as an effective tool for climate action, undermining its potential to attract investment and drive change. Under Article 6 of the Paris Agreement, the UNFCCC is developing mechanisms for international cooperation through carbon markets. Discussions under the Forum of the SCF can be about safeguards and enhancing the integrity of the market to deliver real, additional, and verifiable emission reductions or removals.

Objective and expected impact

6. The discussion may be expected to explore how high-integrity carbon markets can incentivise greater and realistic ambition in emission reduction targets and mobilise private sector finance for climate action, particularly in developing countries. The discussion can also foster trust among participating parties, the private sector, and other stakeholders in the credibility and effectiveness of carbon markets.

D. Carbon finance: Climate finance and international climate action

Rationale

7. As the global community accelerates efforts to meet the Paris Agreement goals, the mobilization and effective use of climate finance has become a critical pillar of climate action. The proposed Forum, aims to bring together policymakers, financial institutions, development agencies, private sector actors, and civil society to explore the evolving landscape of carbon markets and climate finance mechanisms.

8. The Forum will serve as a platform to deepen the understanding of how carbon finance—through mechanisms such as carbon pricing, emissions trading systems (ETS), results-based finance, and voluntary carbon markets—can drive climate action and unlock funding for low-carbon, climate-resilient development. It will also address the opportunities and challenges associated with international climate finance flows and the implementation of Article 6 of the Paris Agreement.

Objectives and expected impact

9. Relevance and objectives:

(a) Carbon finance can provide essential resources to implement their nationally determined contributions (NDCs), promote technology transfer, and build resilience in vulnerable communities. It is also a way to access international funding through credible and transparent emissions reduction initiatives;

(b) The Forum offers an opportunity to share best practices, scale up support for global climate action, and explore innovative financing tools that can enhance the impact of both public and private investments in climate mitigation and adaptation;

(c) By promoting inclusive dialogue and knowledge exchange, the Forum will strengthen international cooperation and contribute to aligning financial flows with climate objectives.

10. Expected outcomes:

(a) Recommendations for enhancing access to climate finance, especially in least developed and climate-vulnerable countries;

(b) Insights on aligning carbon markets with sustainable development;

(c) Identification of policy and market instruments to scale up international finance in support of climate goals;

(d) Enhanced partnerships between the public and private sectors to accelerate the flow of climate capital globally.

E. Enabling financing for the industrial transition

Rationale

11. Industrial transition is key to our collective effort to implement the Paris Agreement.

Objective and expected impact

12. Communication and continued exchange of information among bodies and entities dealing with climate finance in the area of industry transition, in order to promote linkages and coherence.

F. Facilitating or leveraging carbon markets engagements – Making carbon markets work for all

Rationale

13. Expectations to benefit from carbon markets are extremely high in developing countries. Carbon finance is key and has been earmarked as an innovative climate finance which is critical for the implementation of the NDCs, national adaptation plans, and this will contribute strongly to the effort to realize the Paris Agreement.

14. Greenhouse gas (GHG) emissions are still rising across all major sectors globally and a lucrative carbon market will facilitate a deep reduction in GHG emissions and contribute to delivering the Paris Agreement goal to holding the increase in global average temperature to well below 2°C. Also, countries will be supported to meet their own emissions reduction targets.

Objectives and expected impact

15. Objectives:

(a) To support balanced carbon trade;

(b) To facilitate emissions reduction targets.

16. Expected impact:

(a) Climate finance mobilised through carbon markets;

(b) Emission reduction targets achieved through protection of carbon sinks.

G. Financing the energy transition

Rationale

17. The urgent need to accelerate the global energy transition is well established, yet the mobilization of finance to facilitate it remains a critical barrier. To address this challenge, a multi-stakeholder forum, like the SCF Forum, that convenes Parties, financial institutions, multilateral development banks, the private sector, civil society, and international organizations can play a catalytic role in aligning priorities, fostering partnerships, and generating innovative solutions. There has never been a SCF Forum on financing the energy transition, despite the high relevance of the sector to achieve the objectives of the Paris Agreement and the Convention.

Objective and expected impact:

18. *Global stocktake alignment*: The first global stocktake under the Paris Agreement provided clear guidance with respect to increasing investments for renewable energy and highlighted the urgent need to close the climate finance gap and align all financial flows with climate goals especially in the energy sector. SCF Forum on financing the energy transition can help translate these findings into action.

19. *Bridging the investment gap*: Significant scaling of clean energy investment—especially in developing countries—is essential. The Forum can explore solutions like blended finance, MDB reform, and private capital mobilization for a low-emission and climate resilient energy sector.

20. *Policy and regulatory coherence*: Engaging both policymakers and investors can help remove market barriers, support regulatory reforms, and develop pipelines of bankable projects in the energy sector.

21. *Equity and just transition*: The Forum could ensure that financing supports inclusive outcomes, addressing energy access, workforce transition, and social equity.

H. Financing the green transition – role of diversified energy mix

Rationale

22. For an effective transition to a greener economy, dependence on a single source of energy must be reduced. However, each energy source has its specific set of problems, like solar, wind, etc., which are not effective without storage capacity. In addition to that, different nations are differently able to adopt the alternative source of energy, mainly because of the availability of advanced technology and critical minerals. Financing of transitions must align with the developmental realities of different countries. In this context, it is crucial to synergise technological innovations in the renewable energy sector across borders and ensure a balanced energy portfolio that can lead to more predictable and potentially low-emission pathways in the long run. Moreover, a diversified and reliable green energy system reduces investment risks associated with the intermittency or potential vulnerabilities of a single technology. This lower risk profile makes green projects more appealing to a broader range of investors. Hence, a Forum on this topic will be relevant at this time.

Objective and expected impact

23. To accelerate the mobilisation and effective allocation of financial resources at a global scale to facilitate a transition towards a sustainable, low-carbon energy system, recognising the critical role of a diversified energy mix in achieving this. The gathering can expect enhancement of knowledge of the critical role of a diversified energy mix in enabling a financially sound and secure green transition, leading to stronger political commitments and ambitions.

I. Fostering investments in low-emission and climate resilient mobility solutions

Rationale

24. Transport is one of the main drivers of climate change and is therefore a sector that is in urgent need of scaled up investments to facilitate the transition towards low-emission solutions. At the same time, many transport systems are highly vulnerable to climate impacts such as extreme heat, flooding, and sea level rise. Transitioning to low-emission and climate-resilient mobility is therefore critical for meeting the objectives of the Paris Agreement and advancing sustainable development. However, progress is hindered by investment gaps, policy fragmentation, and a lack of coordination across sectors. The SCF Forum would provide a platform for governments, investors, development banks, cities, transport operators, technology providers, and civil society to collaboratively address these challenges, mobilize capital, and accelerate implementation of solutions.

Objective and expected impact

25. *Catalyze scaled-up, inclusive investment in climate resilient mobility*: Bring the various actors together to identify scalable financing models and de-risking mechanisms tailored for both urban and rural transport systems, particularly in developing countries. Ideally this would unlock greater volumes of blended finance and country-driven investment plans that align with NDCs, long-term strategy, and national mobility strategies.

26. *Strengthen knowledge exchange*: Facilitate exchange of best practices, case studies, and lessons learned across regions, emphasizing context-specific solutions that integrate mitigation, adaptation, and developmental co-benefits. Through the knowledge exchange the Forum would accelerate replication of successful approaches and innovations in low-emission transport—such as e-mobility, resilient infrastructure, and modal shifts—through peer-to-peer learning.

27. *Align financial flows with low-emission and climate resilient mobility pathways*: Engage financial regulators, policymakers, and investors to identify policy reforms and fiscal incentives that align transport financing with the goals of the Paris Agreement and sustainable development. This could promote the mainstreaming of climate risk into transport investment decisions, supporting systemic change in how mobility systems are planned, financed, and managed.

28. *Foster inclusive and just mobility transitions*: Ensure the conference integrates voices from vulnerable groups, informal transport workers, and local authorities, emphasizing equity and access in transport finance. The SCF Forum could provide insights in how to design socially inclusive financing frameworks that leave no one behind in the transition to sustainable mobility, and address gender, affordability, and accessibility gaps.

J. Fostering investments in the circular economy and sustainable waste management

Rationale

29. Global waste generation is expected to grow further in the near future. At the same time, the linear “take-make-dispose” economic model is driving resource depletion, greenhouse gas emissions, pollution, and biodiversity loss. Transitioning to a circular economy—where materials are reused, recycled, and kept in use for as long as possible—is essential for reducing environmental impacts, enhancing resilience, and creating new economic opportunities. But investments in circular economy solutions and sustainable waste management remain insufficient. Barriers include fragmented policy frameworks, limited access to finance, unclear revenue models, and underdeveloped infrastructure. The SCF Forum could bring together governments, financial

institutions, businesses, cities, innovators, and civil society to mobilize the investment, innovation, and partnerships needed to scale circular solutions.

Objective and expected impact

30. *Mobilize finance for circular economy solutions*: Explore investment opportunities across the waste hierarchy—from reduction and reuse to recycling, composting, and waste-to-energy. Unlock increased flows of climate finance into circular economy infrastructure and business models, particularly in underserved markets, thereby contributing to both mitigation and adaptation objectives.

31. *Bridge policy and finance to enable scalable waste solutions*: Facilitate a dialogue between policymakers, financial institutions, and project developers to identify enabling policies, incentives, and regulatory reforms that make circular economy projects bankable and investment-ready. The SCF Forum could generate actionable recommendations to facilitate the alignment of regulatory frameworks with investor requirements and climate targets, fostering a conducive environment for public-private partnerships.

32. *Foster knowledge exchange including on technology transfer*: Share innovative models, technologies, and lessons learned from different geographies and contexts to address systemic barriers in waste management and valorization of materials. The SCF Forum could help to promote replication and adaptation of proven solutions.

33. *Quantify and elevate the climate and socioeconomic benefits of waste sector investments*: Highlight the role of circular economy investments in reducing emissions, enhancing climate resilience, creating jobs, and improving public health—particularly in informal and vulnerable communities. The SCF Forum should strengthen the case for integrating sustainable waste management into NDC implementation, climate finance strategies, and urban development plans, thus elevating its priority in national and international funding agendas.

K. Improving and measuring progress on access to climate finance

Rationale

34. A credible pathway to deliver effective and accessible finance at the scale of needs of developing countries is essential. As a priority raised in NCQG negotiations, an access focused SCF Forum could provide insight into the step change needed to improve access for climate finance recipients.

Objective and expected impact

35. Discussions in the Forum could include:

(a) Sharing best practice and new practical approaches to accessing and programming climate finance, including country platform approaches, climate finance units and national climate funds;

(b) Identify opportunities for further harmonization and simplification, with a focus on key areas such as climate diagnostics and policy conditions, accreditation criteria, proposal submission requirements, reporting templates, and other compliance requirements;

(c) Identify effective mechanisms to measure and track access for NCQG delivery;

(d) Engagement on measures for collaboration at country level, promoting synergies, and creating a more cohesive approach to mobilizing accessible international, public and private financing for climate action in line with national plans and priorities;

(e) Sharing experiences on policy reform, strengthening institutional and technical capacities, including at local level, to allocate and oversee the spending of climate finance and how arrangements are tailored to political economies to ensure they are deliverable on the ground.

L. Guidance on mainstreaming the NCQG mandate for the work of the Standing Committee of Finance

Rationale

36. The Standing Committee on Finance is responsible for the periodic dissemination of critical analyses pertaining to climate finance, specifically, to release biennial assessment reports detailing the flows of climate finance and a needs determination report outlining the financial requirements of developing countries in addressing climate change.

37. Commencing with its eighth iteration, anticipated in 2028, the biennial assessment report is expected to incorporate estimations of climate finance flows in alignment with the outcomes of the NCQG. Similarly, the third version of the needs determination report will be significantly influenced by the outcome of the NCQG mandate. This will require a rigorous methodological framework in addressing the extant ambiguities and complexities inherent in the NCQG outcome document.

Objective and expected impact

38. The primary objective of this Forum is to facilitate a comprehensive understanding of the NCQG decision. It is anticipated that the principles and modalities of the NCQG will be fully integrated into climate finance flows and needs assessment processes by the time the key reports are published.

M. Mobilisation of timely, adequate and affordable financial resources at scale through innovative instruments that address the cost of capital

Rationale

39. Achieving the goals of the Paris Agreement requires substantial investments in mitigation and adaptation measures. Current levels of climate finance are abysmally low to meet these needs, particularly in developing countries, which are in most cases highly vulnerable to the impacts of climate change. The developing countries face higher costs of climate actions with respect to debt vulnerability, constrained fiscal space, pressing developmental challenges, and tightening global conditions, fuelled by the transition risks of losing competitiveness, sluggish growth, and developmental losses. While to close the gap, the private sector would play an important role as it holds the vast majority of global capital, there is a need for public sector capital, especially from the developed countries, to catalyse this process. In such a situation, innovative financial instruments can help de-risk climate investments, making them more attractive to private investors. The knowledge sharing on innovative instruments of finance mobilisation among the relevant stakeholders through the Forum event would be critically important.

Objective and expected impact

40. The discussion under the Forum surrounding innovative financial instruments for climate mobilisation may reflect a growing recognition of the limitations inherent in traditional financing paradigms in the face of the climate crisis. The innovative instruments offer the potential to unlock substantial private capital, address the unique financial requirements of adaptation initiatives, leverage technological advancements, and ultimately expedite the transition towards a low-carbon and climate-resilient development pathway.

N. Ocean Financing for Climate Action

Rationale

41. Our ocean and climate systems are intrinsically linked. Recognition of these linkages have gained an increased focus in the UNFCCC and Paris Agreement in recent years (Decision 5/CP.25; Decision 1/CP.26; Decision 1/CP.27; Decision 1/CMA.5), including calls for greater focus on financing for the ocean-climate nexus.[4]

42. The IPCC highlights the significant impacts of climate change on the ocean.

[4] Informal summary reports of the ocean and climate change dialogue.

(a) In particular, the IPCC's Special Report on the Ocean and Cryosphere (2019) provided a much-needed assessment of the observed and projected impacts of climate change on the ocean. The report highlighted the urgency of climate action and how the actions we take now will have an impact for centuries and millennia to come;

(b) These impacts, including sea level rise, will subsequently have severe impacts on ocean economies, underscoring the need to scale up finance for ocean-based climate action.

43. The ocean offers significant opportunities to mitigate and adapt to the impacts of climate change, as further underscored in the first Global Stocktake and the informal summary reports of the Ocean and Climate Change Dialogue (Ocean Dialogue). In doing so, scaling up ocean-based climate action is essential to delivering on multiple long-term goals of the Paris Agreement.

44. An SCF Forum dedicated to ocean financing ('blue finance') and particularly scaling up finance for ocean-based climate action is globally relevant and impactful – particularly in the context of:

(a) Sustainable Development Goal (SDG) 14, 'Life Below Water', being the least funded of the 2030 SDGs;

(b) Continuing the momentum from UNOC3 to deliver on ocean-climate priorities, in line with its theme of 'Accelerating action and mobilizing all actors to conserve and sustainably use the ocean'.

45. Ocean-based climate action is regionally specific with international complementarity. A global forum that addresses scaling up finance for ocean-based climate action can address barriers, approaches and methodologies, regional contexts and the importance of policy alignment – in line with recommendations from previous informal summary reports of the Ocean Dialogue.

Objective and expected impact

46. *Share best practices to overcome barriers*: Promote engagement between parties, practitioners, technical experts and other stakeholders to share best practices to mobilise finance for ocean-based climate action, including on considering access to finance.

47. *Innovative approaches*: Share innovative and emerging practices to mobilise finance for ocean-based climate action, including leveraging public and private sources to mobilise investments.

48. *Understand interlinkages and regional contexts* – Address the need to tailor finance strategies to regional contexts, recognising region-specific ocean-climate interactions (e.g. sea-level rise projections, rate of acidification, nearby ecosystems and related economic and community practices, conditions for deploying renewable energy infrastructure etc.)

49. *Explore policies to scale impact* - Also address the ocean in national planning documents and policies and the opportunity to send signals to mobilise finance for oceans.

O. Scaling up non-debt creating and innovative financial instruments to enhance climate action in developing countries

Rationale

50. The international climate finance landscape continues to fall short of meeting the scale and urgency of needs in developing countries. Despite commitments under the Convention and the Paris Agreement, climate finance flows remain significantly concentrated toward developed countries and are often delivered through debt instruments that exacerbate existing fiscal and debt constraints in developing nations.

51. As developing countries face increasingly frequent and severe climate impacts, alongside deep-rooted development challenges, the need for predictable, adequate, and accessible finance becomes ever more critical. However, the current reliance on debt-based instruments limits countries' fiscal space, undermines long-term resilience, and runs counter to the principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC).

52. The NCQG highlights the need to reassess the qualitative aspects of climate finance, including sources, instruments, and access modalities. In this context, the SCF Forum could provide a platform to, inter alia:

(a) Identify and examine non-debt creating mechanisms and initiatives, and innovative financial instruments to enhance mitigation and adaptation climate action, and in response to loss and damage in developing countries;

(b) Explore successful models and pilot initiatives that have demonstrably supported climate action in a non-debt-creating manner for developing countries;

(c) Highlight the importance of finance that supports sustainable development and does not exacerbate debt risks.

53. The Forum will also serve to engage key actors, multilateral climate funds, bilateral and multilateral institutions, philanthropic organizations, and representatives from developing and developed countries, in a constructive dialogue to discuss the future of equitable and effective climate finance.

Objectives and expected impact

54. The Forum will aim to explore, identify, and promote innovative and non-debt creating financial mechanisms that can effectively support climate action (mitigation, adaptation and loss and damage) in developing countries, particularly in light of their increasing fiscal constraints, sovereign debt burdens, and pressing development challenges. The Forum aims to generate actionable recommendations on how the UNFCCC financial architecture and broader international finance community can mobilize and scale up such mechanisms in the context of the Convention, the Paris Agreement, and particularly in the context of the NCQG.

P. Tracking climate finance: Enhancing transparency and unlocking bottlenecks for effective climate finance mobilization

Rationale

55. As global ambitions on climate action grow, so does the need for robust and transparent systems to monitor climate finance. Accurate, timely, and comprehensive tracking of climate finance flows—both at the domestic and international levels—is not only essential for transparency, but also serves as a strategic tool to identify systemic bottlenecks that hinder the effective mobilization of resources.

56. With the international community moving toward defining a new climate finance architecture post-2025, the ability to understand where money is going—and where it is not—is more critical than ever. This Forum will help ensure that climate finance flows are not only tracked, but that the data is used strategically to shape more effective climate action.

57. The proposed Forum will provide a space for governments, financial institutions, international organizations, civil society, and technical experts to exchange experiences, tools, and methodologies related to climate finance monitoring. Special attention will be given to both quantitative and qualitative data gaps and the role of monitoring in contributing to the NCQG. The discussions will contribute to the broader international dialogue on the NCQG, by highlighting the importance of data systems that go beyond financial volumes to include the effectiveness, accessibility, and impact of climate finance.

Objectives and expected impact

58. Relevance and objectives:

(a) *Identify barriers*: The Forum will help identify key barriers—technical, institutional, and political—that limit the effective tracking and mobilization of climate finance;

(b) *Share practices*: It will offer countries the opportunity to share their national experiences in setting up climate finance tracking systems, including tagging methodologies, budget integration, and institutional coordination;

(c) *Strengthen capacities*: By engaging with international experts and practitioners, participants will explore innovative approaches and tools to enhance both the granularity and quality of data collected.

59. Expected outcome:

(a) A synthesis of lessons learned and good practices in climate finance monitoring across diverse national contexts;

(b) Practical recommendations for improving data systems, including the tracking of finance aligned with NDCs and adaptation needs;

(c) A set of actionable strategies to close data gaps, improve data quality, and enhance transparency frameworks.

60. Strengthened collaboration between countries and international partners to support informed decision-making on the NCQG.

Q. Understanding non-market approaches and their financing in addressing climate change

Rationale

61. Over-reliance on market-based mechanisms in our collective efforts to address climate change is effectively leaving behind crucial sectors and vital activities, particularly in the Global South. It is a matter of strategic necessity to comprehend the critical role of Non-Market Approaches (NMAs).

62. These approaches constitute a far more comprehensive and nuanced policy instrument, extending well beyond carbon trading. This may include the nation's priorities to deploy regulatory frameworks, establish stringent standards, implement strategic fiscal measures such as taxation and subsidies, etc. Furthermore, NMAs can be the channels for essential technology transfer, the bedrock for capacity building within vulnerable nations, and the catalyst for collaborative efforts in research and development.

63. Moreover, the significance of NMAs exceeds the objective of mere emission reductions. They can also be crucial for enhancing adaptation efforts, such as investing in resilient infrastructure, developing early warning systems, or implementing sustainable land management practices, which may not generate marketable carbon credits.

64. However, the effective implementation of NMAs requires a paradigm shift in our financing strategies. We need to focus on leveraging international public finance, the strategic deployment of multilateral climate funds, and exploring innovative financing mechanisms. A shared understanding of the operational modalities and financial underpinnings of these NMAs is a fundamental prerequisite for their effective adoption.

Objective and expected impact

65. The Forum could lead to a clear understanding of the strengths and limitations of different NMAs in various contexts and sectors. Besides, sharing experiences and successful examples of NMAs implementation could encourage wider adoption and replication. Ultimately, such discussion could contribute to greater ambition, more effective action, and a more sustainable future for all.