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Call for burden sharing amongst developed countries to provide climate finance

Bonn, 19 June (Chhegu Palmuu): At the open consultation led by the Presidencies of the sixth and seventh sessions of the Conference of Parties to the Paris Agreement (CMA) on the "Baku to Belem Roadmap to 1.3T", held on 18 June, developing countries called for the roadmap to provide "a clear agreement on burden sharing amongst developed countries to establish their 'fair share' of their collective obligation to provide climate finance, which allows predictability, transparency, and accountability".

(Last year in Baku, Azerbaijan, the CMA 6 adopted the decision (1/CMA.6) on the new collective quantified goal (NCQG) on climate finance which set the new goal "*of at least USD 300 billion per year by 2035*" for developing countries, "*with developed countries taking the lead*" and "*from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources*". The decision also called "*on all actors to work together to enable the scaling up of financing to developing country Parties for climate action from all public and private sources to at least USD 1.3 trillion per year by 2035*" as an aspirational target. It is to be noted that the NCQG structure eventually took the shape of a multi-layered approach given aggressive push by developed countries, with the new goal forming the inner core layer and the aspirational target as the outer layer.)

Further, the NCQG decision launched, under the guidance of the Presidencies of CMA 6 (Azerbaijan) and CMA 7 (Brazil), in consultation with Parties, the "Baku to Belém Roadmap to 1.3T" (trillion), "*aiming at scaling up climate finance to developing country Parties to support low greenhouse gas emissions and climate-resilient development pathways and implement the nationally determined contributions (NDCs) and national adaptation plans (NAPs) including through grants, concessional and non-debt-creating instruments, and measures to create fiscal space, taking into account relevant multilateral initiatives as appropriate; and requests the Presidencies to produce a report summarizing the work as they conclude the work by CMA 7 (November 2025)*".

In his opening remarks, the COP 29/CMA 6 President **Mukhtar Babayev (Azerbaijan)** shared that in the final days in Baku, the quantum of the new goal was offered as "USD 250 billion" (per year), but the Presidency however pushed for "highest possible level of ambition" and finally landed with "USD 300 billion". He said that "concessional and public finance is the backbone of the Baku goal" and now "donors need to deliver", urging them to "send positive signals", while also calling on "strong leadership for the private sector's role".

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Third World Network is an independent non-profit international research and advocacy organization involved in bringing about a greater articulation of the needs, aspirations and rights of the peoples in the South and in promoting just, equitable and ecological development.
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The incoming COP 30/CMA 7 President **Andre Aranha Correa do Lago (Brazil)** said that the Presidency is focused not only on "strengthening the rules of the Convention and the Paris Agreement (PA)" but also expanding it to all dimensions of government and society that have to be involved towards supporting the "developing world to receive the finance", and also shared about the Brazilian Presidency's initiative on convening a "Circle of Ministers of Finance" who have a central role in this regard. He also informed that in response to the mandated 1.3T roadmap, the joint Presidencies convened virtual consultations with Parties in March, and that the roadmap would be published by the end of October. (See roadmap work plan released in May). In Bonn, Parties were invited to provide further views on the matter.

Developing countries led by the **G77 and China** said that the group firmly believes that the roadmap to be developed by CMA 7 "shall be solely under the leadership of the CMA 6 and CMA 7 Presidencies, with inputs from Parties and all actors in accordance with the decision and mandate" and laid down the following expectations:

"**Inclusiveness and transparency:** The group believes that the process adopted by the Presidencies for undertaking the B2BR (Baku to Belem Roadmap) shall be conducted in transparent, inclusive, and iterative manner. The primary actors that need to be well consulted shall be member Parties of UNFCCC and (the) PA as this roadmap aims towards operationalization of the NCQG decision adopted at COP 29. All Parties and in particular the subgroupings of G77 and China shall be consulted prior to release of any draft B2BR.

Principles of equity and CBDR: The Convention and PA are founded on equity and the principle of common but differentiated responsibilities and respective capabilities (CBDR&RC), in light of different national circumstances, which highlight the need for the roadmap to feature them at its core. The roadmap must ensure that developed countries show leadership and urgently deliver on the USD 300 billion goal, which would form the base from which we can build a robust B2BR as well as clarifying the additional role developed countries will play in the context of Article 9.1 (of the PA which involves the mandatory obligation of developed countries to provide climate finance) which is additional to the USD 300 billion.

Implementation of the work of NCQG decision: The roadmap shall be used as an opportunity to scale up and implement the work undertaken on NCQG at COP29, including operationalizing all calls to action outlined in the NCQG decisions, and not in any way to backslide from the climate finance commitments agreed by developed countries.

Evolving needs and priorities of developing countries: The evolving needs and priorities of the developing countries must be addressed. The outcome that was agreed at COP 29 need to be further strengthened through this roadmap. The roadmap needs to demonstrate possible pathways for adequate and accessible finance for climate adaptation and mitigation and loss and damage efforts in developing countries and supporting just transitions across all sectors and thematic areas, while respecting national sovereignty and the bottom-up nature of the PA and without shifting the burden of finance obligations from developed to developing countries. In this regard, the group sees that the B2BR is to be founded on Article 9 of the PA and the principles and provisions of the Convention. The Group further considers support for country-driven strategies, with a focus on, inter alia NDCs and NAPs and the needs expressed in Adaptation Communications and Long-Term Climate Strategies along with other national plans including in relation to loss and damage responses.

Address dis-enablers of climate finance: The B2BR shall aim to address the concerns on climate finance such as the high cost of capital, high transaction costs associated with access, unilateral measures such as CBAMs [carbon border adjustment measures], etc. The roadmap should explore and identify actionable and evidence-based approaches to overcome these obstacles".

Further, the **G77 and China** said that the roadmap needs to explore the following thematic areas/topics or issues in line with its mandate as per the NCQG decision:

"**Definition on climate finance:** The roadmap needs to focus on the definition of climate finance. Transparency arrangements must be related to a definition which provides an agreement on what is to be counted and what not, as climate finance. Loans at market rate and private finance at market rate of return cannot be termed as climate finance. Rather, they represent a reverse capital flow from developing to developed countries when repayments are considered. The definition must account for different national pathways, approaches and priorities in line with NDCs and NAPs.

Source of climate finance: The roadmap needs to highlight how these different sources of climate finance, both public and private financing contribute to the implementation of NDCs and NAPs. This shall avoid any shifting of burden to developing countries and finance flow to be consistent from developed countries to developing countries in line with Article 9.1 of the PA.

Mitigation actions: Article 9.4 calls for the provision of scaled-up financial resources to achieve a balance between mitigation and adaptation, taking into account country driven strategies, such as NDCs, NAPS and LEDS [low emission development strategies], and the priorities and needs of developing countries. The B2BR needs to provide a balanced approach on financing for climate adaptation actions in developing countries. This would also include how the countries could benefit within the existing financial mechanism of the Convention and PA. G77 and China believe that aspects related to mitigation and adaptation finance needs to also be dealt in detail including the role of private sector financial actors in scaling up finance to developing countries.

Adaptation Finance: The gap for adaptation finance is growing and requires an exploration of approaches to bridge the gap. The economic benefits associated with financing for adaptation actions are the primary reason for this lack of availability of finance for scaling up adaptation actions. G77 and China believes that adaptation finance needs to be consistent with Article 9 of the PA. Finance for adaptation actions in developing countries needs to be sourced from public sources in line with Article 9.1 and 9.4 of the PA.

Loss and Damage Response: With the changing financial landscape of loss and damage response, it is imperative that financing for loss and damage response is also explored within the roadmap. The pathways to address loss and damage shall benefit all developing countries, including those that have significant capacity constraints.

Just transitions towards low emissions, climate resilience pathways in the context of sustainable development and eradication of poverty for developing countries: It is imperative to be focused on the goals of the PA and provide the necessary means of implementation and address the barriers for transitions to be truly just between and within countries. G77 and China firmly believes the B2BR should create adequate opportunities to operationalize these critical means of implementation and address the barriers to enable developing countries to achieve their just transitions".

In closing, it said that the "G77 and China membership represent a broad range of countries that have different national circumstances. There are no one size fits all solutions to access climate finance that meets the needs and priorities of all developing countries. The roadmap should provide a clear agreement on burden sharing amongst developed countries to establish their 'fair share' of their collective obligation to provide climate finance, which allows predictability, transparency, and accountability.

The roadmap must address "dis-enablers" of climate finance such as the high cost of capital, high transaction costs associated with access, unilateral measures such as CBAM, etc. It must provide access features that operationalize the requirement for access channels to ensure efficient and swift access to and enhance the coordination and delivery of climate finance for developing countries, noting the special considerations for SIDS (Small Island Developing States) and Least Developed Countries (LDCs) as set out in the PA".

Tanzania for the **African Group** stated that the NCQG decision has reinforced the importance of "reforming the multilateral finance architecture", highlighting the "unsustainable debt levels" which have an impact on climate ambition. It said that "Africa's debt burden has been growing significantly in the past 15 years", illustrating with an example that "in 2024, African countries paid USD 89.4 billion in external debt and in 2022, debt servicing was equivalent to USD 22.4 billion of their combined GDP". It added further that "therefore, the roadmap should enable the necessary levels of mobilization and provision (of finance) which continue to be a fundamental challenge in Africa", underlining the necessity of reducing the cost of capital. It further said that the roadmap should focus on "dramatically scaling up adaptation finance including taking into account the GGA (global goal on adaptation)" and that "significant gaps remain in responding to the increased scale and frequency of loss and damage and therefore, the roadmap should recognize the need of enhanced support" in this regard. It stressed that the roadmap must build around the "obligation that developed countries shall provide financial resources and lead the mobilization of quantum through burden sharing arrangements". It also pointed out on how the "determination of needs and priorities is conducted, such as how to finance 'Mission 300' in Africa and the clean cooking agenda which are at the core of just transition in the continent".

Saudi Arabia for the **Arab Group** shed light on the spending of Annex II countries (developed countries) stating that "USD 13 trillion in 2022 in government expenditures" was spent, and that "only 3.4% of (their) 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 mobilisation goal".

It firmly conveyed that "while we encourage enabling the scaling up of climate finance, we cannot support approaches that shift the burden from developed countries to consumers in developing countries. We do not agree with including any references to international taxation that violates national sovereignty and shifts the finance burden to people and communities suffering from the adverse effects of climate change, (and that) this point will have a strong bearing on how we perceive the roadmap". Further, crunching numbers, it pointed out that "out of the USD 1.46 trillion of climate finance flows in 2022, 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. 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".

India for the **Like-Minded Developing Countries (LMDC)** stressed the importance of the roadmap taking a "developing country centric approach because, as per mandate, the scaling up of USD 1.3 trillion is for developing countries". With respect to the substantive issues and actions that need to be taken, it underscored that "the roadmap must place Article 9.1 (of the PA) as its central pillar and explore how Article 9.1 can be operationalised." It added that "developing countries need access to public finance by developed countries as mandated by Article 9.1 of the PA, so as to catalyse concessional mobilization of finance for their climate action through the provision of grants and non-debt finance. This discussion on Article 9.1 in the roadmap is indeed critical to enable reaching the scale of USD 1.3 trillion per year".

It further cautioned that the roadmap must take a "nuanced approach to take into account the issues faced and limitations of developing countries, so that it addresses the barriers to finance, instead of shifting the burden to developing countries. Finance at scale and reasonable cost for climate action can only come on the foundation of a strong developed country public sector support". It said further that "it has been a long-known fact that the private sector provides resources at market rate which is much higher for developing countries. Most innovative new technology projects are not viable at that cost making it impossible for developing countries to scale action. This along with the responsibility paradigm makes it necessary that the public sector from developed countries steps in". In this context, it made clear that the roadmap must take a comprehensive view of the obligations under the Convention and the PA, as well as the principles; ensuring against any burden shifting of finance responsibilities to developing countries to enable them to progress on their sustainable development and poverty eradication; (and) consider the needs and priorities of developing countries allowing flexibility on action".

The **Alliance of Small Island States (AOSIS)** said that for SIDS, "the challenge is not only the volume of climate finance, but the chronic inaccessibility of it" and therefore, the roadmap must "prioritise context-specific interventions that reflect the unique realities and acute vulnerabilities" of SIDS. Highlighting barriers to climate finance access which includes "overly complex procedures, arbitary eligibility criteria, and a lack of concessional or non-debt-creating instruments", it underscored the "importance of operationalizing Article 9.9 of the PA and building on paragraph 21 of the NCQG decision, which call for enhancing access and addressing barriers faced by developing countries, particularly SIDS". Further, on responsibility, it said that "developed country Parties, must comply with their legally binding commitments and continue to take the lead in fulfilling grant-based public finance pledges, supporting access reform, and ensuring international financial institutions align with the PA; MDBs (multilateral development banks) and IFIs (international financial institutions) must reform access criteria and provide concessional resources through a variety of mechanisms; the private sector, including insurers and institutional investors, must innovate to offer risk mitigation tools appropriate for SIDS and support scalable, locally-led climate projects".

Gambia for the **Least Developed Countries (LDCs)** strongly reiterated that the NCQG decision "falls well short of the ambition and expectations of developing countries, particularly for LDCs. The decision adopted lacks the clarity, scale, and commitment necessary to deliver predictable, accessible, and adequate climate finance at the pace and scale required. As such, the Baku to Belem roadmap should be actionable and ambitious. It must enable us to accelerate the implementation of 1.5 Celcius aligned NDCs and NAPs that are ready for a breach of that target with a 'no regrets policy'". It also emphasized the need to "resolve key outstanding issues" which included, "a massive scale-up of adaptation finance, and clear provisions for financing loss and damage; a solution to the debt crisis, and financing arrangements that expand fiscal space rather than constrain it; and special attention to the unique challenges of LDCs and SIDS in accessing and benefiting from scaled-up finance", among others.

Developed countries, such as the **European Union**, while expressing commitment to the NCQG including Article 9.1 of the PA, said that the "NCQG requires engagement of all actors" and that there needs to be a "focus on private finance". It underlined the need to "scale up private finance and on all with the capacity to do so", further making clear that the roadmap is not a "negotiated" outcome.

The consultation did not see the entire list of Parties taking the floor due to time constraint and will reconvene at a later date. Consultations with non-Party stakeholders is scheduled for 19 June.