

New Quantified Collective Goal Decision and Loss and Damage
Alternative legal opinion

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Query:

Can paragraph 5 of the Decision adopted at CMA 6 on the NCQG (the “**Decision**”)¹ be interpreted as meaning that “loss and damage” contributions in Nationally Determined Contributions (“**NDCs**”) will be supported? For example, Vanuatu has costed their Loss and Damage contributions in their NDC.² (“**Query 1**”); and

The FRLD is an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (the “**Convention**”). What implications does paragraph 16 of the Decision have for the provision of public resources to the FRLD? Paragraph 16 also decides to at least triple annual outflows from those Funds listed from 2022. The FRLD did not receive pledges until 2023. What implication does this have for the FRLD? (“**Query 2**”)

Executive Summary:

Query 1:

The NCQG can be put towards funding for loss and damage. Although there is no express reference to loss and damage in paragraph 5 of the Decision to include it, the same paragraph clearly states that the NCQG will... “*reflect the evolving needs and priorities of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States*”. It can be assumed that by establishing the FRLD in 2022 Parties recognised that responding to loss and damage was an evolving need for particularly vulnerable developing country Parties. This is discussed in more detail below.

¹ [Decision](#), agreed by the CMA on 24 November 2024.

² [Vanuatu's Revised and Enhanced First NDC](#), August 2022.

This interpretation is consistent with our understanding that:

- There was some controversy over whether loss and damage would be a component of the NCQG in the lead up to COP29; however, Parties had stronger and opposing views on including it as a specific sub-goal (with a defined percentage of the goal), but most Parties agreed on including it as a thematic area.³
- While the parties were unable to agree to its inclusion in paragraph 5 of the Decision, it is included in paragraphs 14 and 19 of the same Decision and therefore its absence from para.5 should not be read as evidence that Parties did not intend for the NCQG to be put towards loss and damage.
- Moreover, the reference in paragraph 5 to the various instruments that the NCQG aims to support (NDCs, adaptation plans and adaptation communications) is not restrictive, as it is accompanied by the qualifying connector of 'inter alia'. In the context of the adoption of the NCQG decision, the choice of instruments could represent Parties intention to emphasize adaptation finance -which in the previous goal was significantly underfunded compared to mitigation⁴- more than restricting what Parties put forward as finance needs towards the goal. The same paragraph does not expressly reference the mitigation component in NDCs, and there is no questioning that the NCQG could be also put forward for that component in NDCs, as well as for loss and damages.

Therefore, Vanuatu's NDC component on loss and damage, that is separated from adaptation action and costed accordingly, could seek funding from the NCQG. It is also worth noting that almost half countries on the last NDC cycle had loss and damage components in their NDCs, a percentage that is likely to increase in the new NDC cycle.

Query 2:

Paragraph 16 expressly mentions 'the operating entities of the Financial Mechanism' among the entities to which public resources should be provided. The FRLD is one of such operating entities and therefore would benefit from the tripling goal. If Parties were aiming to exclude any of the entities of the financial mechanism they would have chosen wording such as 'some operating entities' or 'an operating entity.' The reference to year 2022 is only a baseline to determine the tripling of contribution to all funds named (collectively, and not individually signaled funds).

The cross-referencing in paragraph 16 to the goal in paragraph 8 does not imply an exclusion of loss and damage or the FRLD. Paragraph 8 states that the 'at least USD 300 billion per year' is 'for developing country Parties for climate action'. We believe that the use of the terms 'climate action' is intentional as including other thematic areas beyond mitigation and adaptation. Moreover the goal is set 'in the context of meaningful and ambitious mitigation and adaptation action, and transparency in implementation'. This should not be interpreted as only directed to mitigation and adaptation, but addressing the quality of finance (meaningful, ambitious and transparent). In fact, State practice and subsequent agreements of the COP are in line with this interpretation as the original USD 100 billion goal was framed as follows but was deemed to include adaptation finance:

³ See LRI NCQG Explainer.

⁴ GST Decision.

'Recognizes that developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries' (Para 98 of Decision 1/CP.16)

There is clearly no reference to 'adaptation action' in the text but it was understood that it would include this type of finance in the commitment and its tracking.

Advice for Query 1 – NCQG and Loss and Damage

1 Background: *The Decision*

- 1.1 The Decision was agreed by the parties at COP29 and establishes the NCQG, the newest global climate finance goal, which includes tripling annual finance to developing countries and asking all actors to scale up finance to developing countries to at least USD 1.3 trillion annually by 2035.⁵ The Decision is the result of extended negotiations between the parties and replaces the pre-existing climate finance goal.⁶ The Decision is unlikely to be legally binding on states under international law as its terms do not evidence an intention by the parties to impose binding obligations.⁷ This is not to say that it does not have normative value however: the Decision reflects the agreement of the parties and will therefore likely have significant influence over how states interpret their obligations under the Convention and the Paris Agreement.
- 1.2 While the parties were unable to agree to an explicit inclusion of loss and damage in the provision setting the goal (in paragraph 5), they were able to include loss and damage and indeed the need to finance it, primarily through grant-based and highly concessional financing (paragraphs 14 and 19) and therefore the omission in paragraph 5 should not be read as evidence that Parties did not intend for the NCQG to be put towards loss and damage.

2 The Decision and Loss and Damage

Do the terms of the Paris Agreement support “loss and damage” contributions in NDCs or the provision of financial support for loss and damage?

- 2.1 A preliminary issue raised by Query 1 is whether the terms of the Paris Agreement support (a) the inclusion of loss and damage contributions within states' NDCs and (b) more generally, the provision of funding to address loss and damage.

⁵ [Decision](#), paras. 7 and 8.

⁶ [Decision 2/CP.15](#), para. 8; [Decision 1/CP.21](#), para. 53; [Decision 1/CMA.1](#); [Decision 9/CMA.3](#); [Decision 5/CMA.4](#); [Decision 8/CMA.5](#).

⁷ Bodansky, “Legally Binding vs. Non-Legally Binding Instruments, in *Towards a Workable Effective Climate Change Regime*” (eds. S. Barrett et. al.), [Center for Economic Policy Research](#), August 2015. For more detail on the status of COP decisions in the context NCQG, see LRI’s advice on “[Legal Basis of the NCQG and its link to art 9 of the Paris Agreement](#)”, June 2024

- 2.2 The Paris Agreement does not specify precisely what content is to be included in states' NDCs.⁸ Article 3 provides that NDCs are to reflect "*ambitious efforts*" to achieve the goals of the Paris Agreement and cross-references key articles on mitigation and adaptation, but notably makes no reference to article 8 on loss and damage. Traditionally, states' NDCs have been mitigation-centered and focused on emissions targets, in part due to the obligation under article 4(2) on states to "*pursue domestic mitigation measures*" aimed at achieving their NDCs.⁹
- 2.3 However, there is nothing in the text of the Paris Agreement which precludes the inclusion of "loss and damage" contributions in NDCs. Indeed, an increasing number of states, such as Vanuatu, have included references to loss and damage in their most recent NDCs.¹⁰ As a matter of treaty interpretation, such state practice does not conflict with the terms of the Paris Agreement. Indeed, from the preparation of their first NDCs, Parties -in particular developing country Parties- began including additional non-mitigation related measures in their NDCs. Indeed, a group of developing country Parties negotiating article 7 of the Paris Agreement ensured that NDCs were included in article 7.11, which lays out the types of communications and documents in which the adaptation communication can be included. Therefore, the Paris Agreement itself envisions that NDCs could include more than merely mitigation measures. Later, Parties agreed in decision 9/CMA.1, para 4, that the adaptation communication could be included in a Party's biennial transparency report (BTR) as part of information related to climate change impacts and adaptation (PA, article 13.8). This is the provision of the Paris Agreement which gave rise to the inclusion of voluntary reporting on loss and damage in BTRs. All of which appears to acknowledge that in reporting on progress made in implementing their NDCs, Parties, especially developing country Parties, will be considering mitigation, adaptation AND loss and damage in parity, in conjunction with tracking climate finance needed and received.
- 2.4 Likewise, whilst the terms of the Paris Agreement do not expressly make provision for funding for loss and damage, they do not preclude it either.¹¹ Article 8 does not create an express obligation on parties to provide financial assistance for loss and damage, nor does it cross-refer to Article 9 on climate finance as the articles on mitigation and adaptation do (articles 4 and 7). However, as our previous advice indicates, this omission does not preclude the funding in respect of loss and damage, if a state chooses to do so. Indeed, even states adamantly opposed to binding financial obligations in respect of loss and damage appear to accept that voluntary contributions are *possible* under the Paris Agreement's terms, should a state wish

⁸ See e.g., the parties continued work on [Further Guidance on features of NDCs](#) and [Decision 1/CP.21](#), para. 26.

⁹ [Paris Agreement](#), art. 4(2).

¹⁰ See e.g., [Vanuatu's Revised and Enhanced First NDC](#), August 2022, pp. 35-39; [Saint Lucia's Updated NDC](#), January 2021, pp. 5-6; [The Bahamas Updated NDC](#), November 2022, pp. 12, 60, 62; [St. Kitts and Nevis Updated NDC](#), October 2021, pp. 13-15; [Timor-Leste NDC](#), November 2022, pp. 7, 14, 46; [Sri Lanka's Updated NDC, September 2021, pp. 50-52](#) and [Myanmar's NDC, July 2021, pp. 34-35, 43-45](#).

¹¹ For a more detailed consideration on this issue, see our previous advice, "[Finance for Loss and Damage](#)", June 2023.

to provide it.¹² Moreover, since the adoption of the Paris Agreement, COP 27 and COP 28 have established the Fund for responding for loss and damage, superseding this discussion.

- 2.5 Therefore, it is clear in our view that the terms of the Paris Agreement and subsequent decisions allow for the inclusion of “loss and damage” within NDCs and the provision of funding for it.

The text of the Decision

- 2.6 Under paragraph 1 of the Decision, the aims of the NCQG are “accelerating the achievement” of the global average temperature targets under article 2 of the Paris Agreement, increasing the ability to adapt to the adverse impacts of climate change and to make finance flows consistent with low emissions and climate-resilient development. There is no reference made to loss and damage, however, this is understandable in the context of the NCQG decision replicating the Paris Agreement goals under Article 2, which do not set a goal for loss and damage. As mentioned earlier, the inclusion under Article 8 of the Paris Agreement was the first time that loss and damage was included in a treaty in the climate regime.
- 2.7 Some argue that paragraph 5, which provides more specifically what the NCQG is to support, also does not expressly reference loss and damage, which would be indicative of the NCQG not providing support for L&D. Paragraph 5 provides that the CMA:

“Decides that the new collective quantified goal on climate finance will support the implementation of developing country Parties’, inter alia, nationally determined contributions, national adaptation plans and adaptation communications, including those submitted as adaptation components of nationally determined contributions; contribute to increasing and accelerating ambition; and reflect the evolving needs and priorities of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing states”.

- 2.8 The fact that paragraph 5 does not expressly mention loss and damage is not indicative of an intention to exclude it from the goal. The paragraph does not mention 'mitigation' either and it would be an absurd outcome to assume that this paragraph means that the NCQG will not support mitigation. Moreover, the insertion of 'inter alia' denotes that Parties intended for the NCQG to support other climate policies, plans or documents made by developing countries, which could include loss and damage response plans (currently mentioned in the FRLD Governing Instrument) or loss and damage response components of NDCs. Additionally, that paragraph also states that the NCQG would reflect the 'evolving needs and priorities of developing countries Parties'. During the NCQG Ad Hoc work Programme and negotiations, all developing countries specifically stated that one of those evolving needs and priorities is 'support for loss and damage response'. So, it follows that all Parties expressly agreed to the fact that the NCQG would support what developing countries would deem as their needs and priorities in relation to climate action. The references to adaptation could be interpreted as an

¹² See e.g., the [US's Written Submissions on the International Court of Justice Pending Advisory Opinion on Obligations of States in respect of Climate Change](#), dated 22 March 2024, pp. 48-51.

effort on the part of Parties to emphasise finance for this pillar, as in the lead up to the adoption of the NCQG, Parties had stated many times that adaptation funding was lacking and unbalanced in comparison to mitigation, including in the GST decision.

2.9 Explicit references to “loss and damage” within the draft Decision are contained in the following paragraphs:

2.9.1 Paragraph 14 provides that the CMA “...acknowledges the need for public and grant-based resources and highly concessional finance, particularly for adaptation and responding to loss and damage in developing country Parties” (emphasis added).¹³

Some have suggested this is a contextual paragraph. However, it sits well within the operative part of the decision, not in the preamble and it appears to go well beyond context setting. It refers specifically to the types of financing most appropriate for responding to loss and damage in developing countries. The paragraph also clearly distinguishes between adaptation and loss and damage, but it includes them within the same realm of grant-based and concessional climate financing, which indicates that Parties were considering the response to loss and damage as a component of the NCQG.

2.9.2 Paragraph 19 provides that the CMA: “Acknowledges the significant gaps that remain in responding to the increased scale and frequency of loss and damage, and the associated economic and non-economic losses and recognizes the need for urgent and enhanced action and support for averting, minimizing and addressing loss and damage associated with climate change impacts” (emphasis added).¹⁴ This paragraph is recognising the gap in responding to loss and damage, and by referencing the needs for support in the context of the NCQG decision, the gap is understood as one that the NCQG must contribute to fill.¹⁵

2.10 The fact that the Decision’s preambular paragraphs reference articles 2 and 9 of the Paris Agreement, and do not refer to article 8 on loss and damage, should not be read as an intention to exclude loss and damage.¹⁶ First, the preamble does not either references articles 4 or 7 – on mitigation and adaptation- and in any case, loss and damage finance would be covered by the Paris Agreement Article 9.9 (which primarily considers access issues). Article 9.9 does say that the operating entities will ensure access to finance for national climate strategies and plans. These presumably could / would include loss and damage; therefore, it appears that even the preambular paragraphs, by including references to Article 9, contemplate the inclusion of loss and damage into the realm of the NCQG. In particular when you consider that the FRLD is an operating entity and its governing instrument includes loss and damage response plans.

¹³ [Decision](#), para. 14.

¹⁴ [Decision](#), para. 19.

¹⁵ Others argue that this paragraph should be interpreted as Parties indicating that the gap is not going to be filled by the NCQG, an assumption that does not seem logical, as if this was the case, Parties would have left loss and damage out of the decision instead.

¹⁶ [Decision](#), preambular paragraphs 1 and 2.

- 2.11 In summary, there are mentions of loss and damage response in the operative paragraphs of the Decision text, which cannot be read as contextual ones. Moreover, contextual paragraphs in the preamble also include loss and damage finance by reference to Article 9.

Negotiations leading up to NCQG

- 2.12 The negotiating documents before and during COP29 included drafting options with further references to loss and damage that were ultimately not adopted.¹⁷ However, this cannot be read as a reflection of the intention of the Parties to then exclude them, as these drafts are a reflection of how Co-Chairs and COP Presidency gathered different and opposing views and interpreted them, and not as a reflection of the will of the majority of the Parties.
- 2.13 Whether “loss and damage” was to be included as part of the NCQG was part of a wider long-running debate between the parties as to the NCQG’s structure and whether it should include thematic or quantum subgoals.¹⁸ Such sub-goal proposals were not adopted in the text of the Decision. However, while the views were indeed somewhat divergent in on the issue of whether the NCQG should include financial support for loss and damage, the more problematic discussion was around whether to establish a sub-goal on the issue, where developing countries seem divided among themselves.

Does the reference to NDCs in paragraph 5 implicitly include “loss and damage” contributions?

- 2.14 While there is no express reference to “loss and damage” in paragraph 5, it might be argued that “*support[ing] the implementation of developing country Parties’, inter alia, nationally determined contributions*” includes loss and damage contributions within states’ NDCs.
- 2.15 An increasing number of developing states, and in particular small island states, have chosen to reference loss and damage in their most recent NDCs.¹⁹ It has been reported that as many as one third of recent NDCs (across all countries) mention loss and damage, in varying amounts

¹⁷ The AHWP’s Draft Negotiating Text contained drafting options which included “*loss and damage*” expressly as a goal of the NCQG and offered for the NCQG quantum to be broken into sub-categories of mitigation, adaptation and loss and damage; The AHWP Co-Chair’s Report recommended that one of the elements for political consideration by the parties was “*whether [the NCQG] should have sub-goals for mitigation, adaptation and loss and damage*”; and The Summary Report by the President on the Ministerial Dialogue recommended that, prior to, and during, CMA 6 the parties consider clarifying “*the scope of the NCQG, including by elaborating on potential options for how financing for responding to loss and damage could be considered under the NCQG*”.¹⁷

¹⁸ [AHWP Co-Chairs’ Report on the NCQG](#), paras. 58-63 and [AHWP Co-Chairs’ Input Paper on the NCQG](#), May 2024, paras. 192, 312.

¹⁹ See e.g., [Vanuatu’s Revised and Enhanced First NDC](#), August 2022, pp. 35-39; [Saint Lucia’s Updated NDC](#), January 2021, pp. 5-6; [The Bahamas Updated NDC](#), November 2022, pp. 12, 60, 62; [St. Kitts and Nevis Updated NDC](#), October 2021, pp. 13-15; [Timor-Leste NDC](#), November 2022, pp. 7, 14, 46; [Sri Lanka’s Updated NDC, September 2021, pp. 50-52](#) and [Myanmar’s NDC, July 2021, pp. 34-35, 43-45](#).

of detail.²⁰ Vanuatu's NDC has one of the most detailed references, including the amount of finance required for addressing loss and damage as a component of its calculated total NDC climate needs (with loss and damage accounting for nearly 15% of the total).²¹

- 2.16 The fact that paragraph 5 specifically refers to “*national adaptation plans and adaptation communications*” and is explicit that this includes the “adaptation components” of NDCs for support under the NCQG and does not do the same for loss and damage, could be seen as a recognition on the finance gap for adaptation needs compared to mitigation, and not an exclusion on loss and damage. Moreover, as the previous section clearly established, there are other parts of the decision where loss and damage was explicitly included. The reference to ‘*inter alia*’ makes the references to adaptation clearly exemplary and not closed. Otherwise, one could reach the conclusion that the mitigation component of NDCs is also not covered by the NCQG, as not expressly referenced.
- 2.17 The fact that negotiations in the lead up to COP 29 saw controversy on including loss and damage or a goal on loss and damage is not indicative of a decisive attempt to exclude NDC loss and damage funding from the goal, as Parties did include references to loss and damage needs in the decision.
- 2.18 It might be argued that paragraph 5 and the reference to “NDCs” is an example of constructive ambiguity, in that it is deliberately vague language adopted by the parties to reach consensus and leaves scope for the parties to apply their own interpretations.²² This is aligned with the multifaceted nature of NDCs, beyond mitigation, something that is asserted both in the Paris Agreement and the seminal decisions on how the Paris Agreement should be implemented agreed at CMA 1 in Katowice. It is also aligned with the ‘nationally determined’ character of NDCs, under which it is for Parties to decide their components.
- 2.19 Along with an increasing number of NDCs costing and including loss and damage, Vanuatu's NDC evidences a detailed approach, which would practically enable finance to be put towards loss and damage contributions. Although this detailed approach is yet exceptional among other NDCs, this might change in the future as states submit updated NDCs.

Argument that loss and damage is included in the “evolving needs and priorities of developing country Parties”

- 2.20 Another argument might be to seek to rely on the final part of paragraph 5, which provides that the NCQG shall “*reflect the evolving needs and priorities of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate*

²⁰ The Politics of Climate Change Loss and Damage, “[How does Loss and Damage feature in NDCs?](#)”, October 2021, p. 2; Project Muse, “[What Does Loss and Damage Mean at the Country Level? A Global Mapping Through NDCs](#)”, dated August 2023.

²¹ [Vanuatu's Revised and Enhanced First NDC](#), August 2022, p. 39.

²² For further arguments on how constructive ambiguity might arise in respect of loss and damage, see Vanhala, “[Putting the constructive ambiguity of climate change loss and damage into practice: The early work of the UNFCCC WIM ExCom](#)”, dated 24 May 2023.

change". This "*needs and priorities*" language has repeatedly been referred to in CMA decisions leading to the NCQG,²³ and comes from article 9(3) of the Paris Agreement.

- 2.21 Loss and damage is increasingly being referred to as a need and priority by developing states and in particular small island developing states:
 - 2.21.1 The SCF's Second Report on the Determination of the Needs of Developing Countries noted that averting, minimizing and addressing loss and damage had been referenced in developing countries' national reports as a costed need;²⁴
 - 2.21.2 In the lead up to COP29, many developing countries and country groups expressed their views that the NCQG should include loss and damage. Such submissions were made by the SUR Group, the African Group Negotiators on Climate Change (AGN), AILAC, AOSIS and LDC.²⁵ The submissions of the G77 and China even stated that the NCQG must include loss and damage to "*address developing countries' evolving needs*";²⁶ and
 - 2.21.3 As discussed above, this is reflected in the growing number of developing states that are referencing loss and damage in their NDCs, with some even including exact contributions, such as Vanuatu.
- 2.22 In summary, it might therefore be argued that loss and damage is a "*need and priority*" for developing states, and is therefore included in the NCQG.

Advice for Query 2 - the Decision and the FRLD

Background on the FRLD

- 3.1 The FRLD was established at COP27 as a new fund to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage.²⁷ At COP28, the parties agreed to the terms of the FRLD's operationalization and designated it as an entity entrusted with the operation of the Financial Mechanism of the Convention and serving the Paris Agreement.²⁸ The FRLD is therefore accountable to and functions under the guidance of the COP and the CMA.²⁹
- 3.2 The FRLD's mandate is to assist developing countries in responding to loss and damage, including addressing challenges associated with the adverse effects of climate change, such as climate-

²³ [Decision 9/CMA.2](#), para. 16; [Decision 1/CP.21](#), para. 53; [Decision 14/CMA.1](#), para. 1; [Decision 5/CMA.4](#), paras. 8-10; [Decision 8/CMA.5](#), para. 26.

²⁴ [SCF Second Report on the Determination of the Needs of Developing Country Parties](#), October 2024, para. 19.

²⁵ [SUR submission on the NCQG](#), February 2024, p. 2; [AGN submission on the NCQG](#), February 2024, pp. 1 and 3; [AILAC submission on the NCQG](#), April 2024, p. 2; and [LDC and AOSIS submission on the NCQG](#), June 2024, p. 2.

²⁶ [G77 and China Submissions on the NCQG](#), September 2024.

²⁷ [Decision 2/CMA.4](#), para. 2; [Decision 5/CMA.5](#), Annex 1, Governing Instrument of the FRLD, para. 2.

²⁸ [Decision 5/CMA.5](#), para. 5 and Annex 1, Governing Instrument of the FRLD, para. 11.

²⁹ [Decision 5/CMA.5](#), para. 5 and Annex 1, Governing Instrument of the FRLD, para. 11.

related emergencies, sea level rise, displacement, relocation and migration.³⁰ The Fund can receive contributions from public, private and innovative sources.³¹ Funding is allocated based on a resource allocation system, which is to account for matters such as the priorities and needs of developing countries that are particularly vulnerable and to the scale of the impacts of climate events.³²

3.3 The FRLD only opened for pledges once it was operationalized at COP28 at the end of 2023. As of 21 November 2024, the FRLD has officially reported receipt of pledges from 23 contributors amounting to USD 731 million.³³ The FRLD's current workplan outlines that Board decisions on operations, access, resource and funding matters will take place throughout the course of 2024 and 2025, with a target of mid-2025 for the first approval of funding decisions.³⁴ The Board has approved draft arrangements between the COP, the CMA and the Board, as developed by the SCF.³⁵

Paragraph 16 includes the FRLD

3.4 The FRLD is a designated operating entity of the Financial Mechanism and as such it is in our view included in the text of paragraph 16.³⁶

3.5 Paragraph 16 outlines the funding mechanisms for the NCQG and provides that the CMA:

“Decides that a significant increase of public resources should be provided through the operating entities of the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund and also decides to pursue efforts that at least triple annual outflows from those Funds from 2022 levels by 2030 at the latest with a view to significantly scaling up the share of finance delivered through them in delivering on the goal contained in paragraph 8 above.”

3.6 Paragraph 16 expressly mentions ‘the operating entities of the Financial Mechanism’ among the entities to which public resources should be provided. The FRLD is one of such operating entities and therefore would benefit from the tripling goal. If Parties were aiming to exclude any of the entities of the financial mechanism they would have chosen wording such as ‘some operating entities’ or ‘an operating entity.’ The reference to year 2022 is only a baseline to determine the tripling of contribution to all funds named (collectively, and not individually signaled funds).

3.7 The cross-referencing in paragraph 16 to the goal in paragraph 8 does not imply an exclusion of loss and damage or the FRLD. Paragraph 8 states that the ‘at least USD 300 billion per year’ is ‘for developing country Parties for climate action’. We believe that the use of the terms ‘climate action’ is intentional as including other thematic areas beyond mitigation and adaptation. Moreover, the

³⁰ [Decision 2/CMA.4](#), para. 3; [Decision 5/CMA.5](#), Annex 1, Governing Instrument, paras. 2 and 6.

³¹ [Decision 5/CMA.5](#), Annex 1, Governing Instrument of the FRLD, para. 54.

³² [Decision 5/CMA.5](#), Annex 1, Governing Instrument of the FRLD, para. 60.

³³ [Report of the Board of the FRLD](#), dated 31 October 2024, para. 14. We note that online the FRLD [website](#) as states a slightly higher total of USD 731 million as of December 2024.

³⁴ [The FRLD Board Decisions at the Second Board Meeting](#), Annex IV, Workplan of the Board for 2024-2025. The CMA officially welcomed this workplan at COP29: [Draft Decision CMA6 on Report of FRLD and Guidance to the Fund](#), para. 17.

³⁵ [Report of the Board of the FRLD, dated October 2024, para. 34. As per Decision 1/CP.28, para. 7 and Decision 5/CMA.5, para. 7.](#)

³⁶ [Decision 5/CMA.5](#), para. 5 and Annex 1, Governing Instrument, para. 11.

goal is set 'in the context of meaningful and ambitious mitigation and adaptation action, and transparency in implementation'. This should not be interpreted as only directed to mitigation and adaptation, but addressing the quality of finance (meaningful, ambitious and transparent). In fact, State practice and subsequent agreements of the COP are in line with this interpretation as the original USD 100 billion goal was framed as follows but was deemed to include adaptation finance:

'Recognizes that developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries' (Para 98 of Decision 1/CP.16)

There is clearly no reference to 'adaptation action' in the text but it was understood that it would include this type of finance in the commitment and its tracking.

3.8 As discussed above, whether the NCQG was to be put towards loss and damage was a highly contentious issue at, and in the lead up to, COP29.³⁷ The debate around whether the NCQG should have sub-goals also extended to the channels of finance, with some parties arguing that the goal should have clear sub-channels for different financial entities.³⁸ As we have expressed, our view is that the text of the Decision (including paragraphs 14 and 19) indicate that the Parties agreed on the inclusion of loss and damage, and on this basis it follows that Parties also intended for paragraph 16 to apply to the FRLD, as one of the “operating entities of the Financial Mechanism”.

³⁷ See paragraphs 3.13 to 3.15.

³⁸ [AHWP Co-Chairs' Report on the NCQG](#), October 2024, para. 136(a).