

## 1. Background: NCQG negotiations in the lead up to COP 29

In 2009, at COP 15, Parties agreed to set a collective goal to mobilise USD 100 billion annually by 2020. In 2015 they decided to extend this goal until 2025 and – recognising the principle of progression and reflecting the strong political momentum during COP 21 – **Parties agreed that the CMA would by 2025 set a “new collective quantified goal from a starting point of USD 100 billion per year, taking into account the needs and priorities of developing countries” (the NCQG) (Decision 1/CP.21, para. 53).**

To operationalise this mandate, Parties launched an ad hoc work programme (AHWP) with yearly Technical Expert Dialogues (TEDs) (**Decision 9/CMA.3**) and in 2023, Parties transitioned to “a mode of work to enable the development of a draft negotiating text” for consideration by CMA 6 (**Decision 8/CMA.5**). The three TEDs that took place in 2024 provided opportunities for collaborative and open discussions. However, the profound disagreement on the goal’s essential features was evident. These TEDs culminated in the development of draft negotiating texts by the co-chairs, which were widely criticised for their excessive length and for failing to adequately reflect the diverse positions of Parties.

Among the main sticking points during the NCQG negotiations in the run-up to COP 29 were the quantum, the structure, the contributors’ base and the sources of funding. **The legal basis for developing the goal was also a strong source of contention.** Developed countries argued that the NCQG should be anchored on Article 2.1(c), ensuring that financial flows are consistent with pathways towards lower greenhouse gas emissions.

Meanwhile, developing countries argued that it should be exclusively under Article 9, specifically 9.1, which sets the specific obligation on developed countries to provide climate finance to developing countries. These disagreements, which were not resolved, later led to an agenda fight at SB 62 following calls for an agenda item to address developed countries’ obligations to provide climate finance under Article 9.1. For more on this, read **LRI’s SB 62 summary**.

During COP 29, the annual report of the AHWP was presented and faced immediate widespread rejection. The central elements of the goal, including its quantum, contributors and structure, were not addressed until the second week of negotiations. The COP Presidency appointed Ministers to lead political engagement and convened technical sessions with heads of delegations, **which led to parallel negotiations taking place on the same issue in different formal arrangements. Negotiators sometimes used these to delay advances to find a collective goal through consensus.**

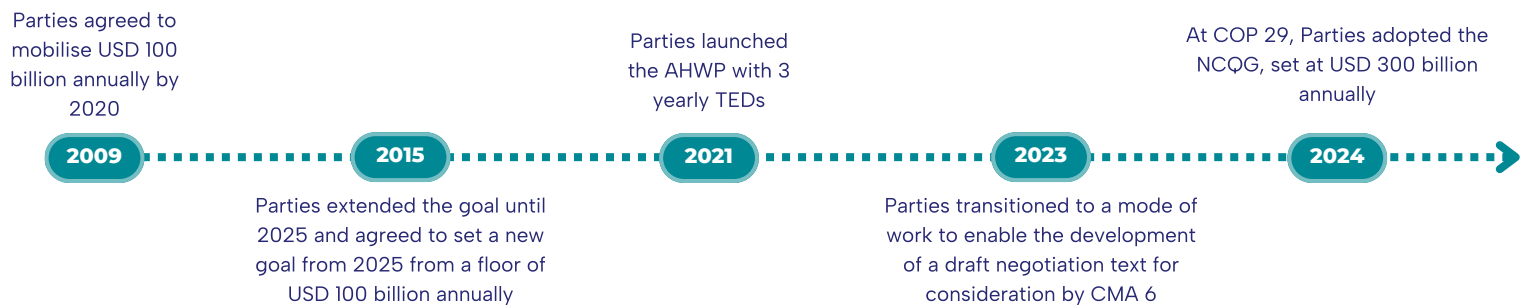
Nevertheless, during the second week of negotiations, a streamlined compilation of proposals was put forward.

This included the diverse positions of delegations over qualitative and quantitative elements of the NCQG but still lacked a figure. AOSIS, for instance, asked for a quantum to be included and for a minimum allocation floor for SIDS and LDC. AILAC lamented the backtracking on previously agreed language concerning the transition away from fossil fuels. On the day before the official end of the negotiations, a **Presidency text** was introduced but faced widespread criticism for being ambiguous and containing significant omissions. It did, however, importantly include a figure, **USD 250 billion by 2035. This figure was widely rejected by developing countries.**

The negotiations ran over time as a consensus was lacking. The text was amended to incorporate elements considered essential to meeting the needs of developing countries. Two negotiating groups – AOSIS and LDCs – temporarily walked out of the talks because they had not been consulted on one of the draft texts, whereas other groups were invited to meet with the COP President.

In this tense context, a compromise was achieved, but many delegations still expressed their dissatisfaction and disagreement with the decision.

**From a procedural standpoint**, the decision was adopted under contentious circumstances. The presiding officer exercised discretion by announcing the adoption of their latest draft proposal at the closing plenary without opening the floor for comments or interventions, despite requests from some Parties to take the floor. Notably, India delivered a strong statement after the decision was gavelled, criticising the COP President for disregarding their request to take the floor prior to the adoption and characterising the process of adoption as “stage-managed”. Consequently, some delegates have questioned whether the decision was genuinely adopted by consensus decision-making. For further details, see LRI’s advice on the **process of adoption of the NCQG decision**.



## 2. The NCQG decision

The NCQG decision establishes a new collective quantified goal on climate finance (**Decision 1/CMA.6**), which aims at accelerating the achievement of the Paris Agreement objectives. To do so, the NCQG will support developing countries’ climate plans (ie. Nationally Determined Contributions or National Adaptation Plans); enhance ambition, and address their evolving needs, prioritising vulnerable nations such as LDC and SIDS. While the decision does not establish sub-goals (on mitigation, adaptation and loss and damage), it is meant to respond to developing countries’ needs and acknowledges the importance of achieving a balance between adaptation and mitigation funding (para 17) and the significant gaps in loss and damage finance (para 19). Quantitative elements of the NCQG include the specific goal of at least USD 300 billion annually, led by developed countries, from diverse public and private sources (para.8).

The decision also encourages voluntary contributions from developing countries (para 9). Finally and importantly, **it includes a call on all actors to collaborate in scaling up climate finance for developing countries to at least USD 1.3 trillion per year by 2035** (para 7).

The NCQG decision also addresses qualitative elements, especially access to funding. Indeed, it highlights the need to address barriers, constraints and systemic inequalities to accessing climate finance

including high capital costs, co-financing requirements, and complex application processes, as well as enhancing transparency and eliminating conditionalities for access, particularly for LDC and SIDS (para 21). In addition, the decision urges Parties providing bilateral climate finance to increase support for locally-led approaches and institutions, particularly for adaptation; but also, to enhance capacity-building, technical assistance, and readiness programmes (para 22).

Moreover, the decision invites international financial institutions to coordinate their actions to tackle both climate change and poverty using a range of instruments (particularly non-debt creating instruments); to consider expanding concessional and grant financing for vulnerable countries; and to improve access and effectiveness of climate finance (para 23). These three elements of the decision (paras. 21–23), however, are framed in soft terms, as invitations, calls or acknowledgements and lack the necessary precision to be regarded as binding commitments. Nevertheless, Parties should respond to this guidance by the CMA. Parties further decided that a significant increase of public resources should be channelled through the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund.

Parties also agreed that efforts to triple those funds’ annual outflows from 2022 by 2030 are to be pursued (para 16).

In addition, Parties agreed that these multilateral climate funding mechanisms ought to enhance access, effectiveness, and flexibility by prioritising direct access, simplifying processes, promoting programmatic approaches and streamlining reporting (para 6).

**The decision has faced intense criticism on its substance and its adoption process.** In addition to setting a very modest quantum, the decision does not clearly articulate the obligation of developed countries to provide climate finance as mandated in Article 9.1 of the Paris Agreement. Despite recalling the entire Article 9, the decision reflects more closely the language used in Article 9.3, in which climate finance is to be mobilised under the responsibility of all actors, with developed countries taking the lead.

In addition, the decision falls short of providing an explicit definition of climate finance, and fails to address key issues, including human rights, the exclusion of certain financial flows (e.g. non-concessional loans) and fossil fuel investments, thereby weakening efforts to ensure a just climate transition.

Finally, the call to scale-up climate finance to USD 1.3 trillion per year has faced strong criticism for lacking clarity on how it is to be achieved and for being formulated in extremely weak terms.

At SB 62, developing countries made it clear that they did not believe that the NCQG adequately addressed the obligations of developed states under Article 9.1 to provide financial support to developing countries. Specifically, reflecting the criticisms made about the call to scale up climate finance to USD 1.3 T per year, lacking clarity, at SB 62, Parties stressed that the scope of the commitments and the related transparency obligations should be clarified. Developed countries pushed back on this, arguing that they were meeting the obligation under Article 9.1 simply by providing financial support to developing countries.

### 3. The implementation of the NCQG decision

In light of the complex negotiations leading to the adoption of the goal, parts of the decision remain subject to further interpretation.

Paragraph 7 of the decision contains the call on all actors to collaborate in scaling up climate finance for developing countries to at least USD 1.3 trillion per year by 2035. Still, it fails to provide a concrete plan for this, remaining a highly aspirational target. In order to specify how this target ought to be reached, the decision launched the “Baku to Belém Roadmap to 1.3 T” (the Roadmap) (para 27) under the guidance of the CMA 6 and CMA 7 Presidents.

Ahead of SB 62, both Presidencies invited governments and other stakeholders to share their expectations for the Roadmap. Submissions from developing countries called for a detailed implementation plan with a clear

allocation of responsibilities, emphasising that the target should focus exclusively on meeting the evolving needs of developing nations – across adaptation, mitigation, and loss and damage – while upholding equity and common but differentiated responsibilities and respective capabilities (CBDR-RC), and providing a working definition of climate finance. On the other hand, developed countries viewed the Roadmap primarily as a tool to attract private investment and argued that private financial actors must be fully involved in its implementation. They further stressed that the Roadmap should not reopen negotiations on matters already settled under the NCQG. In June 2025, during the UNFCCC Climate Meetings (SB 62), the CMA 6 (COP 29) and CMA 7 (COP 30) Presidencies co-convened several sessions:

- ◆ open consultation event with parties on the Roadmap;
- ◆ a similar open consultation with non-party stakeholders;
- ◆ **BICFIT** (Baku Initiative for Climate Finance, Investment and Trade) as a platform for the Baku to Belém Roadmap to 1.3 T.

At the opening of the consultations at SB 62, the COP 29 President Mukhtar Babayev urged greater involvement of Multilateral Development Banks (MDBs) in delivering the USD 1.3 T objective. COP 30 President-designate André Aranha Corrêa do Lago pointed to the COP 30 Circle of Finance Ministers as a key mechanism for shaping and implementing the Roadmap, although some delegations expressed concern at being excluded from this circle.

Participants were then invited to discuss in roundtables three guiding questions on:

- ◆ Substantive issues for the Roadmap;
- ◆ Short to medium-term actions for the public and private sectors; and
- ◆ Allocation of responsibilities to undertake the measures identified by either the Parties or other stakeholders.

Divergences emerged in the Parties’ statements. Many developed countries prioritised private sector finance mobilisation, whereas others insisted on a balance between public and private contributions, with a strong emphasis on grant-based and concessional public finance. The G77 and China pressed for an agreed formula on burden-sharing among developed countries. AILAC underlined the need to clearly assign roles to different contributors and, alongside the LDC Group, to establish a robust system for monitoring progress under the Roadmap. On the other hand, the EU suggested that the Roadmap should serve more as a platform to inform and involve external stakeholders, building on existing initiatives.

Many **Parties left Bonn without the reassurance they were seeking on the Roadmap, which is not delivering the actionable measures expected.** Additionally, the NCQG decision only requests the Presidencies of CMA 6 and CMA 7 to produce a report summarising their work as the Roadmap concludes at CMA 7. It therefore remains unclear whether the CMA will take action on the report, or if there will be another (if any) way forward for it.

### 4. The future of Finance discussions and negotiations

Since the adoption of the NCQG, **questions have arisen on the continuation of finance discussions, as many developing countries fear the window to discuss climate finance closed with the adoption of the NCQG decision.**

This has led to requests by developing countries to include a new agenda item on Article 9.1 at SB 62, which has faced resistance from developed countries. It is therefore unclear what the new home of climate finance discussions will be.



The 10<sup>th</sup> of September 2025 was set as the deadline for further submissions in response to the call for input on the Roadmap, with virtual consultations with Parties and non-Party stakeholders taking place across August and September.

#### Parties' submissions addressed four main concerns:

◆ What short, medium and long-term actions are needed to scale up climate finance for developing countries, and what impact could those actions have?

◆ What strategies can strengthen and expand public and private financing mechanisms for climate adaptation, particularly in vulnerable regions?

◆ What proposals could help mobilise USD 1.3T, including, among others, through grants and concessional funding?

◆ Who and what should be engaged to support the delivery of the USD 1.3T financing target?

On the 27<sup>th</sup> of October 2025, two weeks before the start of CMA 7/COP 30, the Roadmap and the Presidencies' report will be published. Finally, at CMA 7/COP 30, there will be a high-level event on the Roadmap where Parties are expected to discuss the report, although there is no obligation for them to do so.

Although there is uncertainty surrounding the new home of finance discussions, it is clear that **the implementation of the NCQG will be periodically assessed as part of the Global Stocktake cycle (Decision 1/CMA.6, para 36)**. During the first GST (2023), Parties assessed the previous USD 100 Billion per year goal and revealed that it had not been met by 2020, nor was it met in 2021 (**Decision 1/CMA.5, para. 80**).

However, the Decision rightly welcomed the likelihood of the goal being met in 2022 – an **OECD report** later confirmed that the goal was met in 2022 for the first time.

### NCQG Review

In addition to assessing the implementation of the goal through the GST, (**Decision 1/CMA 6**) at paragraph 36 sets a timeline for reviewing the NCQG decision, which will take place in 2030, with a view to starting deliberations on future directions before 2035. This timeline is seen as a compromise to avoid reopening the discussion on the decision itself until then.

## Other actions following from the NCQG decision include:



At COP 30, there will likely again be calls from developing countries to include a new agenda item to discuss the responsibility of developed countries in providing climate finance to developing countries, as indicated in Article 9.1 of the Paris Agreement. The COP 30 Presidency has launched "COP 30 Presidency Consultations" in an attempt to ensure Parties reach Belém and are not faced with yet another agenda fight, which inevitably delays progress on critical issues. However, it remains to be seen whether these will be effective in reconciling Parties' views;



A request to the Standing Committee on Finance to prepare a biennial report for the CMA's consideration, beginning in 2028, on collective progress towards the delivery of the NCQG;



An invitation for Parties to submit financial support data for 2025 and 2026 using common tabular formats referred to in chapter V of the annex to decision 18/CMA.1 for the electronic reporting of that information by 30 June 2028 and biennially thereafter. This should ensure a comprehensive overview of financial support, after negotiations leading to the adoption of the NCQG evidenced the gaps in costing finance needs among developing countries. Ultimately, this data should inform the next cycle of the global stocktake; and



CMA 12 (2030) will conduct a special assessment of access to climate finance.