

# THINGS TO KNOW ABOUT

CLIMATE  
FUNDS  
UPDATE

ADAPTATION  
MITIGATION  
REDD+

HBS10TTKACF2025



10



10

2025

SERIES  
2025

Using Climate Funds Update data collated from the major multilateral climate funds that are designed to help developing countries address the challenges of climate change

# CLIMATE FINANCE



1

A NEW CLIMATE FINANCE GOAL SEEKS TO

# TRIPLE MULTILATERAL CLIMATE FUND OUTFLOWS

## MORE AND BETTER CLIMATE FINANCE IS NEEDED

FOR DEVELOPING COUNTRIES TO IMPLEMENT THE PARIS AGREEMENT.

MOST HAVE CONTRIBUTED LITTLE TO CUMULATIVE GREENHOUSE GAS EMISSIONS YET ARE SEVERELY AFFECTED BY CLIMATE CHANGE IMPACTS.



The **NEW COLLECTIVE QUANTIFIED GOAL ON CLIMATE FINANCE** - the **NCQG** - agreed at COP29 underwhelms.

It sees developed countries **'TAKING THE LEAD'** to mobilise **'AT LEAST'** **\$300 BILLION** a year by 2035.

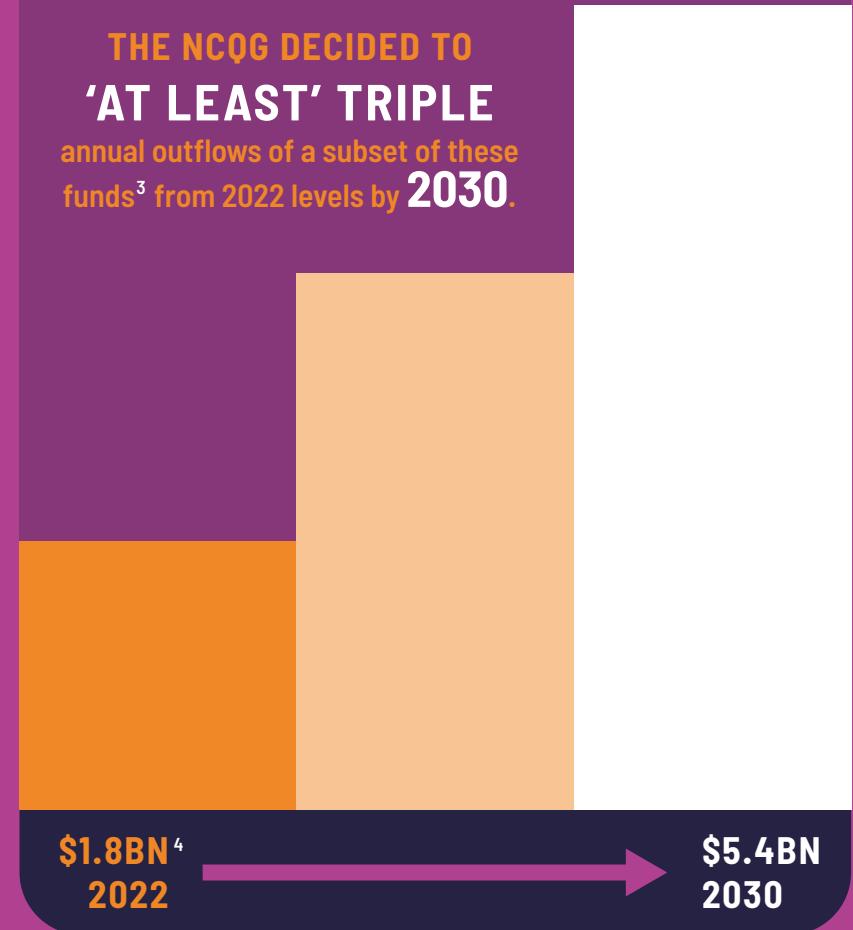
**THIS FALLS FAR BELOW** developing country **NEEDS**<sup>1</sup> and is more like **BUSINESS AS USUAL** growth in climate finance, rather than a step change to address an emergency.<sup>2</sup>

The **NCQG** did highlight the manifold increases needed in concessional adaptation and mitigation finance.

Recognising the small but mighty role that the **MULTILATERAL CLIMATE FUNDS** play,



**THE NCQG DECIDED TO 'AT LEAST' TRIPLE** annual outflows of a subset of these funds<sup>3</sup> from 2022 levels by **2030**.



## 2 ONLY THE GREEN CLIMATE FUND HAS DOUBLED ADAPTATION FINANCE SINCE 2019

Across all channels of public climate finance,

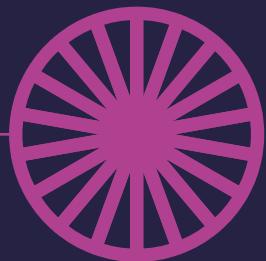
**MORE GOES TO MITIGATION THAN TO ADAPTATION**

despite adaptation needs being commonly expressed as their **PRIORITY** by developing countries.<sup>5</sup>



### TO ADDRESS THE PERSISTENT UNDERFUNDING OF ADAPTATION,

developed country Parties aim to **AT LEAST DOUBLE** their collective provision of **ADAPTATION FINANCE** from 2019 levels by 2025.<sup>6</sup>



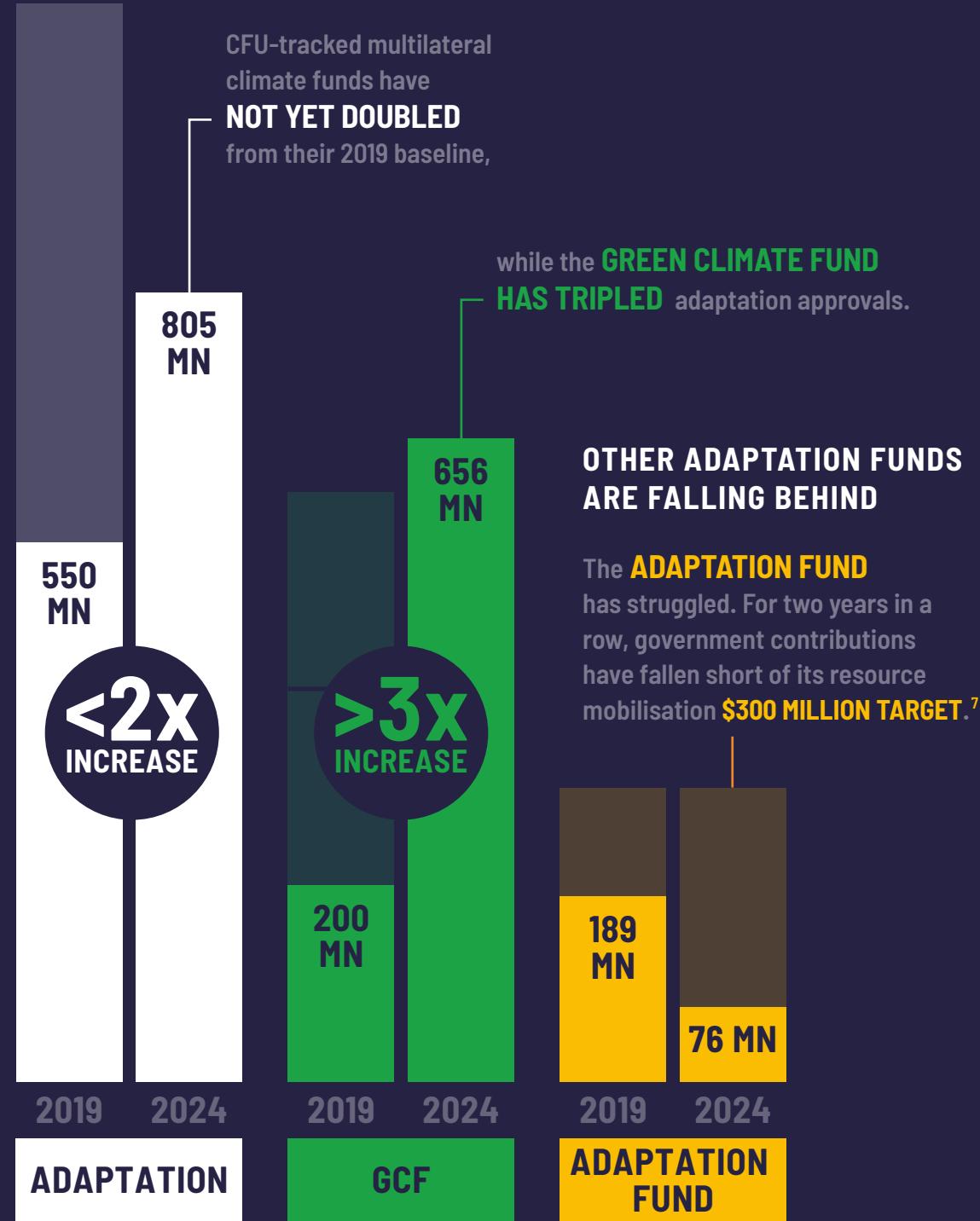
MULTILATERAL CLIMATE FUNDS



BILATERAL CLIMATE FINANCE



MDB CLIMATE FINANCE



THE LACK OF AN ADAPTATION SUBGOAL IN THE NCOG SUGGESTS ...



... THAT A NEW COMMITMENT TO SCALING ADAPTATION FINANCE WILL BE NEEDED AT COP30 IN BRAZIL.

# 3

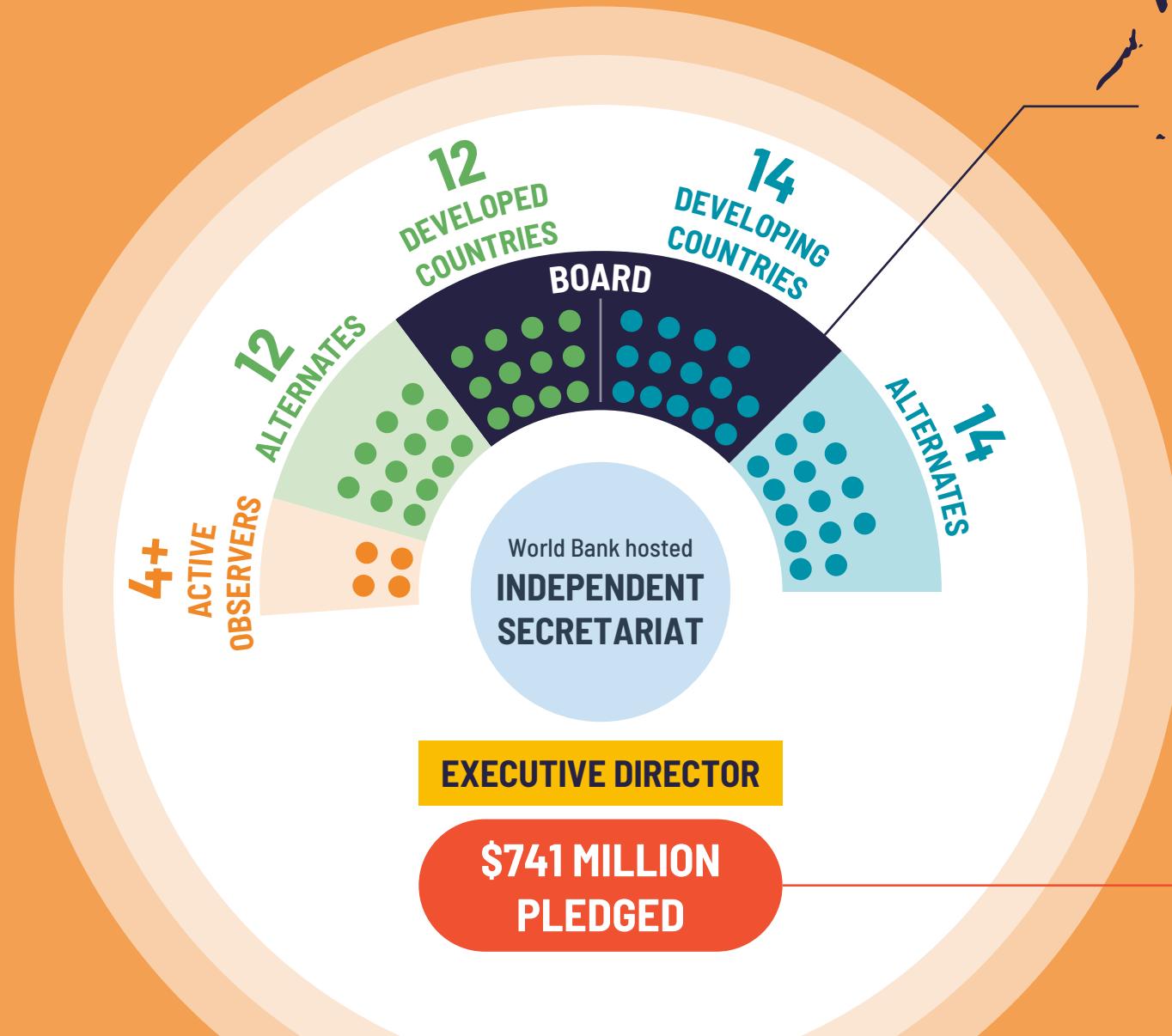
## THE FUND FOR RESPONDING TO LOSS AND DAMAGE

BUILDS OPERATIONAL MOMENTUM

The **NCQG** decision acknowledged the **GAPS THAT REMAIN** in responding to the increasing scale and frequency of **LOSS AND DAMAGE**, and noted the need for **PUBLIC AND GRANT BASED RESOURCES** to address fiscal constraints and increasing costs.



The Fund for responding to Loss and Damage is an operating entity of the **FINANCIAL MECHANISM** of both the **UNFCCC** and **PARIS AGREEMENT**.



In **2024**, the Fund advanced its institutional set up, including a hosting agreement with the World Bank and selecting the **PHILIPPINES** as **HOST COUNTRY** of its **BOARD**.

SO FAR, **25 GOVERNMENTS, ONE SUBNATIONAL GOVERNMENT, and the EUROPEAN UNION** have pledged to the fund



THE BOARD WILL FUND EARLY INTERVENTIONS AND DEVELOP A RESOURCE MOBILISATION STRATEGY IN 2025.

# 4

## THE SPOTLIGHT IS ON ENHANCING ACCESS

TO CLIMATE FINANCE

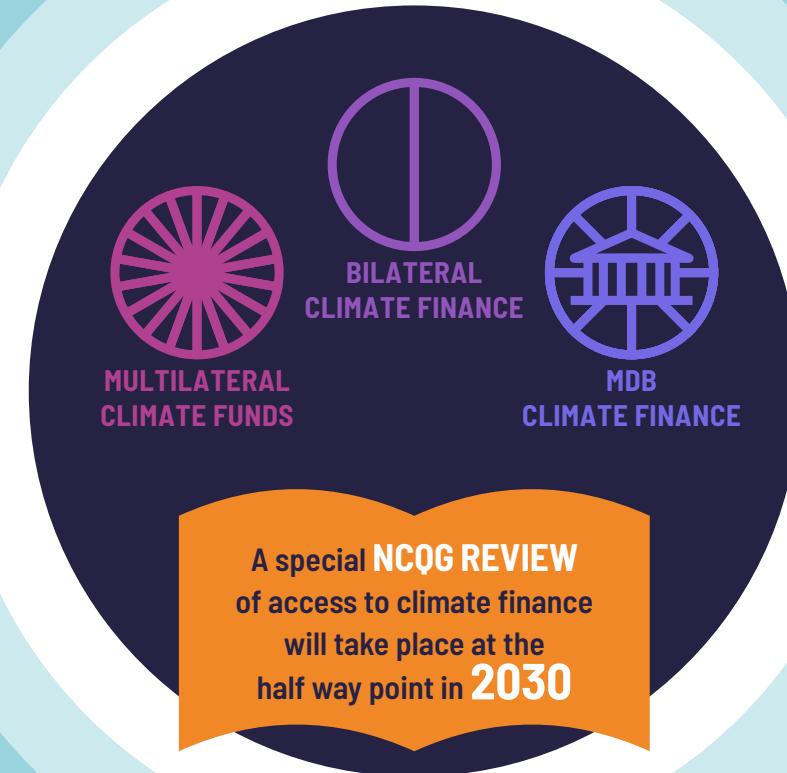
### MULTILATERAL CLIMATE FUNDS CONTINUE TO PROGRESS BEST PRACTICE

for access through:



The NCQG decision tasked **BILATERAL CLIMATE FINANCE PROVIDERS** and **MULTILATERAL DEVELOPMENT BANKS (MDBS)** to follow the lead of the multilateral climate funds to also promote enhanced access to climate finance.

ACCESS TO CLIMATE FINANCE WILL NOW **FORMALLY BE REPORTED ON** AS PART OF PROGRESS TOWARDS THE **NCQG** FROM 2028



Establishing a **BASELINE** is a crucial next step from which future progress can be measured.

It might include the degree to which climate finance providers harmonise eligibility criteria and approval processes, reductions in administrative burdens on developing country stakeholders, speeding up finance access and bringing climate finance into reach for local communities.

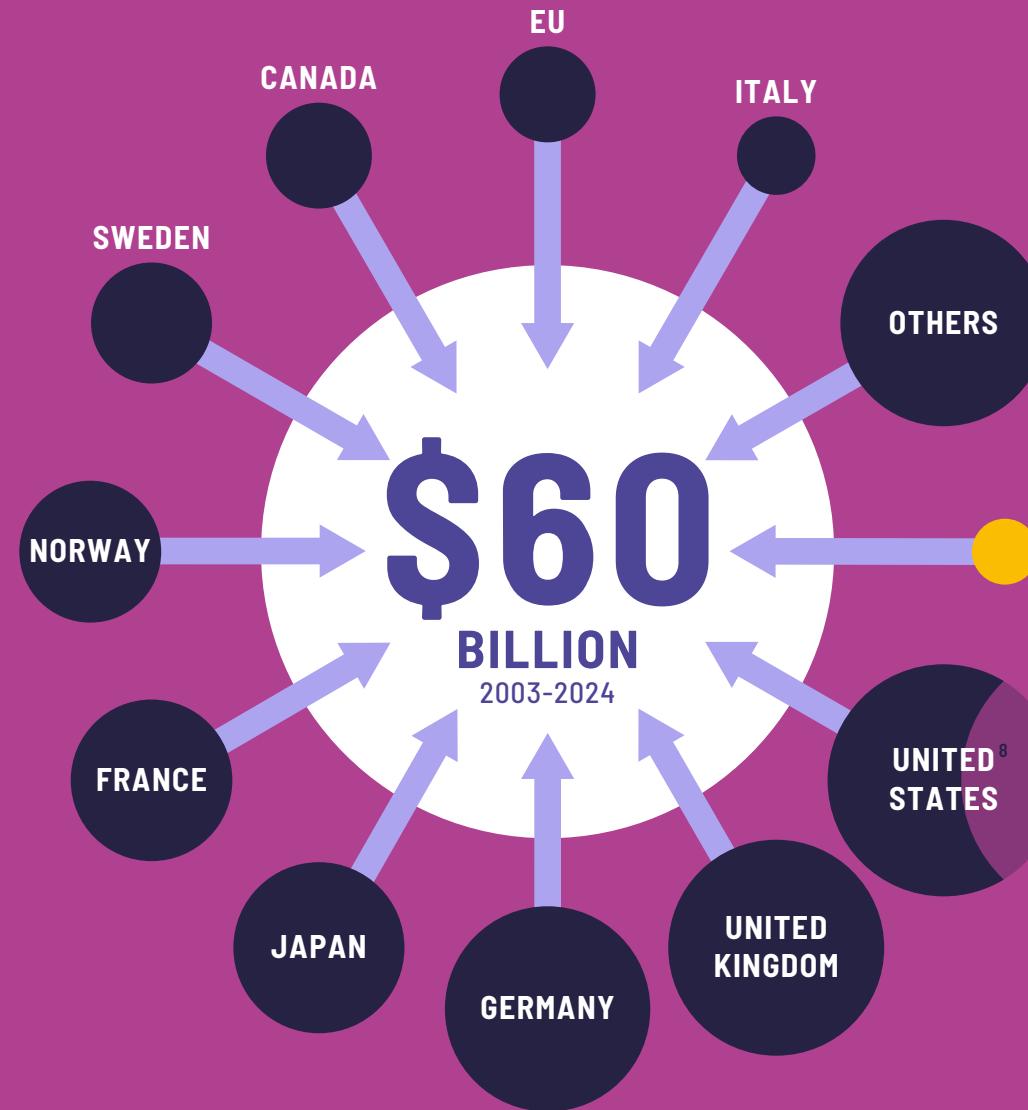
5

COUNTRIES WITHOUT FINANCE OBLIGATIONS

# CONTINUE TO PLEDGE IN SOLIDARITY

A KEY REQUEST OF DEVELOPED COUNTRIES IN THE NCQG WAS THAT...

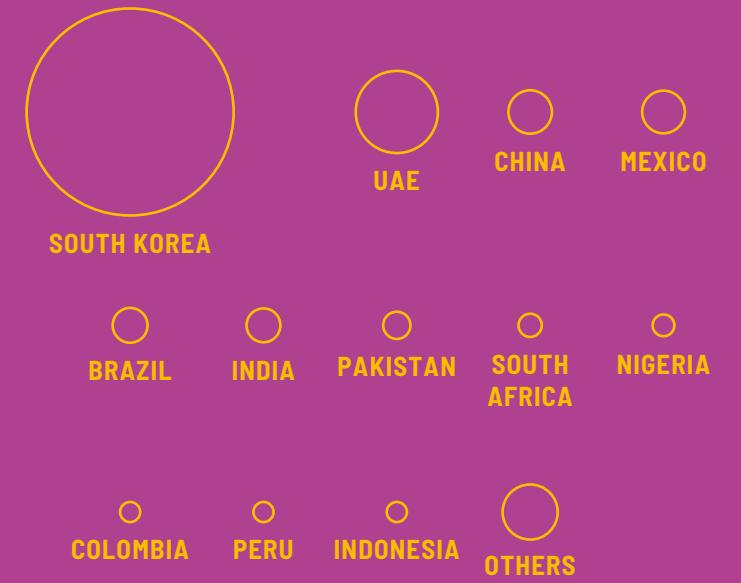
...DEVELOPING COUNTRIES WITH HIGHER CAPABILITY AND EMISSIONS FORMALLY CONTRIBUTE CLIMATE FINANCE.



## COUNTRIES WITHOUT OBLIGATIONS TO PROVIDE CLIMATE FINANCE WERE ULTIMATELY ASKED TO MAKE VOLUNTARY CONTRIBUTIONS UNDER THE NCQG DECISION.



It also allows all climate finance from MDBs to be counted towards the \$300BN TARGET, including from this wider set of countries, providing for different accounting, but not new and additional finance.



Countries, including South Korea, United Arab Emirates, and Qatar, have long pledged to the multilateral climate funds.

In contrast, in 2025, the US ARE RESCINDING PLEDGES, including \$4BN to the Green Climate Fund.<sup>9</sup>

6

# GRANT FINANCE STILL DOMINATES

CLIMATE FUND APPROVALS



THE **NCQG** TOOK NOTE OF THE RISING **SOVEREIGN DEBT CRISES** THAT MANY DEVELOPING COUNTRIES FIND THEMSELVES IN.



IT EMPHASISED THE ROLE OF **GRANTS** AND **NON-DEBT-CREATING INSTRUMENTS**, PARTICULARLY FOR

**LEAST DEVELOPED COUNTRIES (LDCs)**

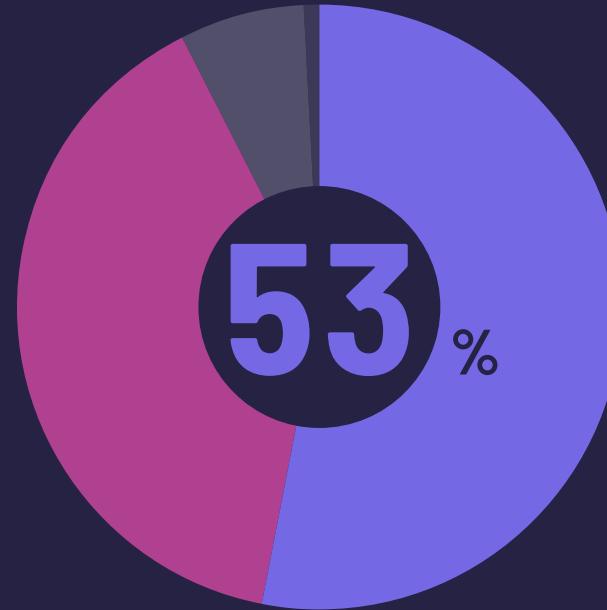
AND

**SMALL ISLAND DEVELOPING STATES (SIDS)**



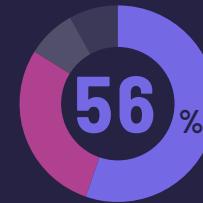
**GRANT-BASED** climate finance from the **MULTILATERAL CLIMATE FUNDS** reached **53%** of approvals in **2024**

GRANT  
CONCESSIONAL  
LOANS  
EQUITY  
GUARANTEE

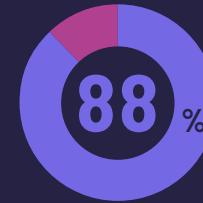


illustrating their critical role in the climate finance architecture in the face of mounting indebtedness and limited fiscal space in some developing countries.

**SIDS**



**LDCs**



THIS IS PARTICULARLY TRUE FOR **LDCs AND SIDS** WHERE **GRANTS** COMPRISED

# 100%

OF FUNDING FROM THE SUBSET OF THE MULTILATERAL CLIMATE FUNDS MENTIONED IN THE **NCQG** DECISION IN **2024.**

# 7 NCQG LACKS BOTH GENDER AND HUMAN RIGHTS COMMITMENT

## AND GUIDANCE FOR IMPLEMENTATION

The respect, promotion and consideration of **HUMAN RIGHTS OBLIGATIONS** were **NOT** addressed in the **NCQG** except for urging inclusion and extension of funding benefits to vulnerable groups.

There remains **NO** further guidance on how to implement, or measure progress towards this end nor does the **NCQG** set a target.

**MULTILATERAL CLIMATE FUNDS** at the heart of the **NCQG** have **STRENGTHENED INDIGENOUS PEOPLES' VOICES** and **INTEGRATED GENDER CONSIDERATIONS**, particularly at project entry, over time.

They can set an even better example by **IMPROVING** their **TRACKING** of **EQUALITY AND RIGHTS** in project outcomes and by sharing lessons learned.

Opportunities to develop metrics and assess progress to the quality of climate finance in the lead-up to **2035** remain with the start of **BIENNIAL NCQG REPORTS** in 2028, the **SECOND GST** in 2028, and the **REVIEW OF THE NCQG** decision in 2030.

INCREASE IN QUANTITY AND QUALITY OF CLIMATE FINANCE PROVIDED AND MOBILISED

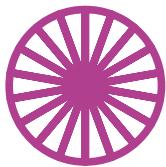


# 8

## THE REGIONAL BALANCE OF CLIMATE FINANCE

IS CHALLENGING TO ASSESS

### ALL DEVELOPING COUNTRIES ARE ELIGIBLE FOR CLIMATE FINANCE

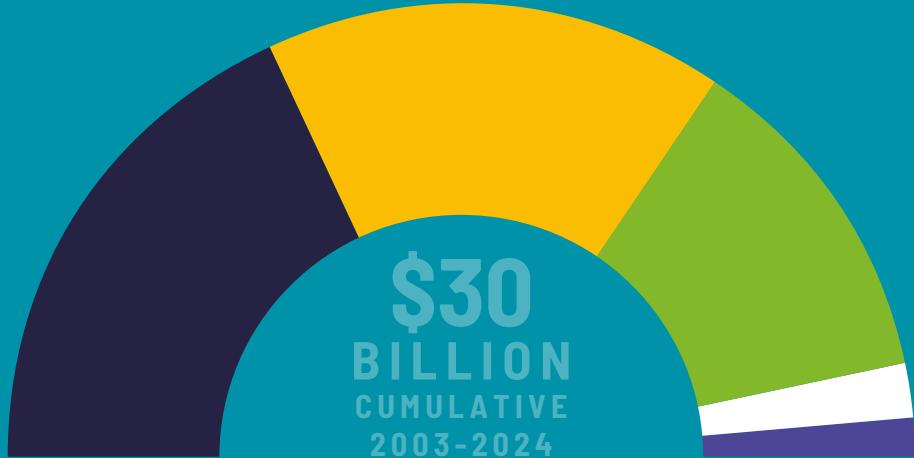


#### THE MULTILATERAL CLIMATE FUNDS' APPROVALS REACH ALL REGIONS

But this says little about the **DISTRIBUTION** within regions and if this is **MEETING THE NEEDS** of these regions.

THE FIRST REPORT ON **NCQG** PROGRESS IN 2028 MUST CONSIDER THE REGIONAL BALANCE OF CLIMATE FINANCE FLOWS

For regional information to inform finance flows and address gaps, **DEVELOPING COUNTRIES' NEEDS REPORTING** will **NEED TO BE IMPROVED**. Costed needs are lower in some geographical regions than others, such as the **AMERICAS**. However, this does not necessarily mean these regions have fewer needs but that cost estimates are missing.<sup>10</sup>



36.6%	AFRICA	32.1%
32.6%	ASIA	65.8%
24.4%	AMERICAS	1.8%
3.8%	OCEANIA	0.2%
2.7%	EUROPE	0.2%



# APPROVALS

# COSTED NEEDS

# 9

COP30 IN BRAZIL COULD REINVIGORATE

## FINANCE FOR FOREST PROTECTION

### MULTILATERAL CLIMATE FUNDS

have long supported efforts to **REDUCE EMISSIONS** from **DEFORESTATION AND DEGRADATION PLUS CONSERVATION (REDD+)**

Funds tracked by CFU have **APPROVED \$4.4 BILLION** for dedicated REDD+ activities since 2008.

Some funds support REDD+ readiness while others are paying directly for emission reductions achieved.<sup>11</sup>

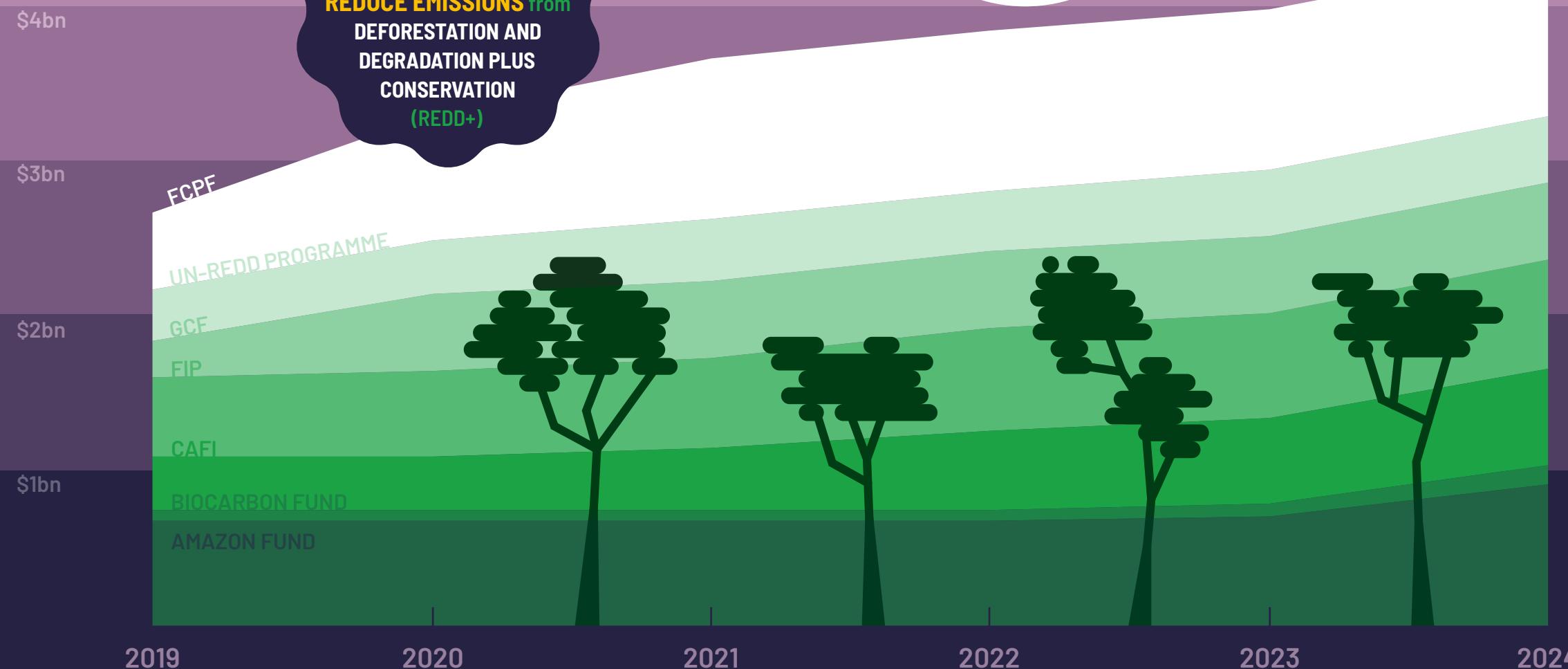
Approvals for REDD+ were **\$341 MILLION IN 2024**, higher than the average approval of **\$203 MILLION** during the past five years.

The **AMAZON FUND** approved a record **\$205 MILLION** in 2024.

Following its REDD+ pilot phase, the GCF will mainstream REDD+ results-based payments in its normal funding cycle.



Home to the Amazon, **COP30** in **BRAZIL** will have a **STRONG FOREST FOCUS**, including through the launch of the **TROPICAL FOREST FINANCE FACILITY**.<sup>12</sup>



10

A PROMISED ROADMAP MUST DRAMATICALLY

# SCALE AND IMPROVE CLIMATE FINANCE

In addition to the mobilisation of at least **\$300 BILLION BY 2035**, the **NCQG DECISION** promised a **BAKU TO BELÉM ROADMAP** to **\$1.3 TRILLION** from all sources – an amount closer to estimates of the total international financing developing countries need to deliver climate goals.

THE **ROADMAP** SHOULD HIGHLIGHT MULTILATERAL CLIMATE FUNDS FOR THEIR **BALANCED GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY** COMPARED TO OTHER CLIMATE FINANCE CHANNELS.

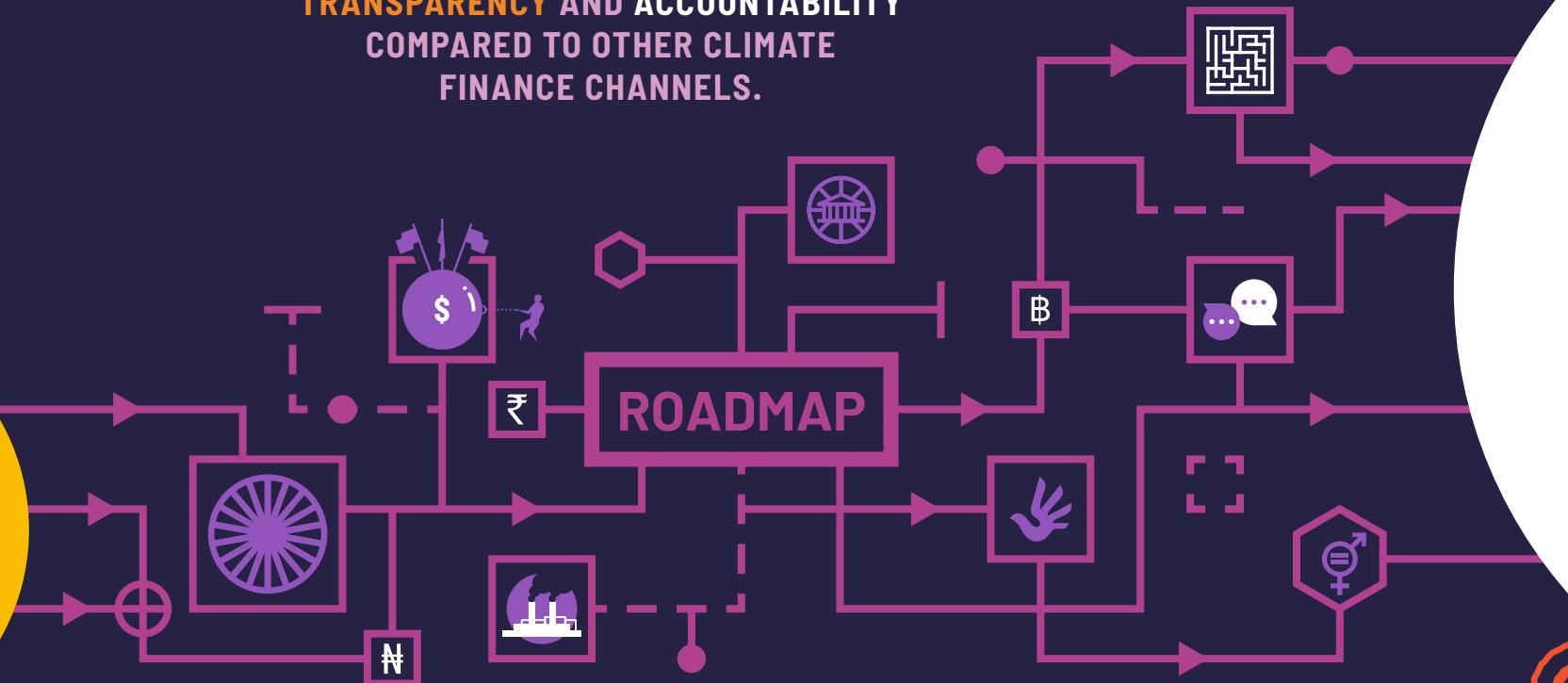
Through greater concessionality, it can also emphasise their role in mobilising finance flows at scale and in targeting the most vulnerable countries that other channels may leave behind.



**AWAITING IMPLEMENTATION**



But, it remains to be seen how this Roadmap will go beyond existing reports and proposals for scaling climate finance.<sup>13</sup>



# 10 THINGS TO KNOW ABOUT CLIMATE FINANCE IN 2025

Charlene Watson and Liane Schalatek

## ENDNOTES

- 1 UNFCCC (2024) Second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement. Bonn: UNFCCC Standing Committee on Finance. Available at: [https://unfccc.int/sites/default/files/resource/UNFCCC\\_NDR2\\_Report\\_Web\\_Final.pdf](https://unfccc.int/sites/default/files/resource/UNFCCC_NDR2_Report_Web_Final.pdf); and, IHLEG (2024). Raising ambition and accelerating delivery of climate finance. Third report of the Independent High-Level Expert Group on climate finance. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science. Available at: [https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/11/Raising-ambition-and-accelerating-delivery-of-climate-finance\\_Third-IHLEG-report.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/11/Raising-ambition-and-accelerating-delivery-of-climate-finance_Third-IHLEG-report.pdf).
- 2 ODI (2024) Did COP29 end with a good New Collective Quantified Goal decision? ODI, London. Available at: <https://odi.org/en/insights/did-cop29-end-with-a-good-new-collective-quantified-goal-decision/>
- 3 The funds that are considered under this tripling are not all of the funds monitored by CFU. They include only the Green Climate Fund (GCF), Global Environment Facility (GEF) and the Fund for responding to Loss and Damage (FRLD), as well as the Adaptation Fund (AF), Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF).
- 4 CFU data varies from that in the sixth Biennial Assessment. This is due to retrospective updating in CFU as a result of improved data coverage, project changes, other changes verified by fund managers over time and method differences, such as the addition of readiness projects.
- 5 UNFCCC (2024) Sixth Biennial Assessment and Overview of Climate Finance Flows. Standing Committee on Finance, Bonn, UNFCCC. Available at: [https://unfccc.int/sites/default/files/resource/UNFCCC\\_BA6\\_Report\\_Web\\_FINAL.pdf](https://unfccc.int/sites/default/files/resource/UNFCCC_BA6_Report_Web_FINAL.pdf)
- 6 as per decision 1/CMA.3, paragraph 18.
- 7 NRDC (2024) Climate Funds Pledge Tracker. NRDC. Available at: <https://www.nrdc.org/bio/joe-thwaites/cop-28-climate-fund-pledge-tracker>
- 8 Note that the USD 11.4 billion reported here are the cumulative pledges made by the United States to the multilateral climate funds tracked by CFU from 2003 to 2024. These include USD 4 billion to the GCF made under the Obama and Biden administrations in 2019 and 2023 and not delivered which the Trump administration now rescinded. This amount should not be confused with the commitment by the Biden administration made in 2021 to increase US climate finance to annually USD 11 billion by 2024.
- 9 Mathiesen, K. (2025) Trump rescinds \$4B in US pledges for UN climate fund. POLITICO, 2 February 2025. <https://www.politico.eu/article/donald-trump-rescind-4-billion-us-pledge-un-climate-fund/>
- 10 UNFCCC (2024) Second report on the determination of the needs of developing country Parties related to

implementing the Convention and the Paris Agreement. Bonn: UNFCCC Standing Committee on Finance. Available at: [https://unfccc.int/sites/default/files/resource/UNFCCC\\_NDR2\\_Report\\_Web\\_Final.pdf](https://unfccc.int/sites/default/files/resource/UNFCCC_NDR2_Report_Web_Final.pdf)

- 11 This excludes other funding for forest protection, including 24 forest-related cross-cutting projects of the GCF.
- 12 The Tropical Forest Finance Facility (also known as the Tropical Forest Forever Facility) is a multilateral investment fund to receive contributions from sovereign wealth funds, philanthropic foundations, and investors. Mongabay (2024) Brazil's big push for tropical forest funding gets support for 2025 debut. December 23, 2024. Available at: <https://news.mongabay.com/2024/12/brazils-big-push-for-tropical-forest-funding-gets-support-for-2025-debut/>
- 13 IHLEG (2024). Raising ambition and accelerating delivery of climate finance. Third report of the Independent High-Level Expert Group on climate finance. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science. Available at: [https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/11/Raising-ambition-and-accelerating-delivery-of-climate-finance\\_Third-IHLEG-report.pdf](https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2024/11/Raising-ambition-and-accelerating-delivery-of-climate-finance_Third-IHLEG-report.pdf); and, AGF (2010). Report of the Secretary-General's High-Level Advisory Group on Climate Change Financing. Available at: <https://www.cbd.int/financial/interdevinno/un-climate-report.pdf>

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