Climate Funds Update

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THE PRINCIPLES AND CRITERIA OF PUBLIC CLIMATE FINANCE: A NORMATIVE FRAMEWORK

CLIMATE FINANCE FUNDAMENTALS 1

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Under Article 4.3 of the United Nations Framework Convention on Climate Change (UNFCCC), developed countries committed to provide funding for the "agreed full incremental costs" of climate change in developing countries, meaning the additional costs of transforming business-as-usual, fossil fuel-dependent economic growth strategies into low-emission climate-resilient development pathways (UNFCCC, 1992a: Art. 4.3). The Convention, the Kyoto Protocol, the Paris Agreement and other follow-up arrangements and decisions by the Conference of the Parties (COP) have laid out some of the key principles relevant to the financial interaction between developed and developing countries. Other important principles, which can be instructive for a climate finance governance framework, stem from Parties' existing human rights obligations or a larger body of environmental law outside of the UNFCCC (such as the Rio Declaration and follow-up outcomes). The precise meaning of these principles remains a matter of interpretation and discussion; however, collectively they can nevertheless serve as normative guidance for a coherent framework by which to assess and compare funding mechanisms and commitments, including those made in the 2015 Paris Agreement and as part of its implementation. The New Collective Quantified Goal (NCQG) decision made at COP29 in Baku for the 2025-2035 timeframe gave poor recognition to these principles. With its implementation to begin at a time of shrinking official development assistance and overall uncertainty of developed countries' future public climate finance commitments, this puts further into question if these principles will be able to guide climate finance flows in the coming years.

This brief looks at relevant principles and criteria applicable to the mobilisation and provision, the administration and governance, and the disbursement and implementation of climate change funding. Taken together, they offer a guiding framework for climate finance.

The importance of a human rights perspective

Such a framework is strengthened by adding a human rights perspective. While human rights obligations are not yet formally addressed in the UNFCCC nor the Intergovernmental Panel on Climate Change (IPCC), in its pre-amble the Paris Agreement urges Parties to "respect, promote and consider their respective obligations on human rights" in their climate actions, supporting expert legal analysis that confirms the compatibility of human rights obligations with the UNFCCC (UNFCCC, 2015). Parties are signatories to, and thus obligated to uphold, existing international human rights covenants focusing on economic, social, cultural, political and civil rights as well as on women's rights and gender equality. The UN High Commissioner for Human Rights (OHCHR) also has repeatedly warned of the effects of climate change on the enjoyment of human rights in numerous official statements and reports, such as on the rights of women (OHCHR, 2019) and persons with disabilities (OHCHR, 2020). In 2021, the UN Human Rights Commission (HRC) appointed a Special Rapporteur on the promotion and protection of human rights in the context of climate change (HRC, 2021a) and recognised the human right to a clean, healthy, and sustainable environment (HRC, 2021b). In 2022, the UN General Assembly (UNGA) approved a resolution which confirms that the right to a clean, healthy and sustainable environment, which includes the right to a safe climate as a human right, requires the full implementation of multilateral environmental agreements, including the Paris Agreement (UN, 2022). In 2024, the Special Rapporteur on the promotion and protection of human rights in the context of climate change, in mapping efforts to clarify issues and state obligations in relation to climate change, identified good practices, challenges and opportunities in the context of climate change mitigation, adaptation, just transition, climate finance and loss and damage. These findings stressed the importance of intersectionality, with a view to promoting policy coherence and increased cooperation (HRC, 2024). The UN Human Rights Commission (HRC) over the years has also adopted several climate change resolutions, with its latest in July 2025 urging states to take effective measures to fulfil the NCQG, while making additional efforts to assist developing countries in their adaptation and mitigation initiatives, including in the pursuit of fair, equitable, inclusive and sustainable just transition pathways (HRC, 2025).

Following a Vanuatu-led resolution approved by UNGA by consensus in March 2023 (ICJ Resolution, 2023; UN, 2023) and public hearings in December 2024, the International Court of Justice released a landmark advisory opinion on legal obligations of states and the legal consequences of states with respect to climate change in July 2025 (ICJ, 2025). It affirmed that states have binding legal obligations under international law to protect the climate system, including a duty to prevent significant climate harm, phase out fossil fuels, and regulate both public and private actors. The ruling concluded that states' climate duties arise not only from treaties like the Paris Agreement but also from broader human rights and customary international law obligations and that a failure to act could expose countries to legal risk in future climate litigation, including for the payment of reparations. This includes states that are non-parties to the UNFCCC or Paris Agreement. It reinforces findings of two further advisory opinions issued by the International Tribunal for the Law of the Sea in 2024 (ITLOS, 2024) and the Inter American Court of Human Rights in 2025 (IACHR, 2025) outlining states' duties of prevention, cooperation, human rights protection and reparation, together creating a binding legal framework. While interpretations vary, it is clear that they will have implications for climate finance provision and delivery, including through expected climate litigation outside of the climate regime.

The centrality of global climate finance

Estimates for the scale of overall climate finance needs vary, but will run into trillions of US dollars annually after 2030. Already in 2014, the Fifth Assessment Report (AR5) of the IPCC (IPCC, 2014) warned that delaying ambitious action to limit global warming to below 2°C and to address adaptation will result in massive cost increases in the future. The IPCC Special Report on Global Warming of 1.5°C released in 2018 projected annual average investment needs in the energy system of approximately USD 2.4 trillion between 2016 and 2035, representing about 2.5% of the world's gross domestic product (GDP) (IPCC, 2018). In 2024, the Independent High-Level Expert Group on Climate Finance in their third report estimated USD 2.3–2.5 trillion of investment a year is needed by 2030 and USD 3.1–3.5 trillion a year by 2035 to transform economies in emerging markets and developing countries (excluding China) (IHLEG, 2024). The insufficient progress in scaling up commitments by developed countries since the 2009 Copenhagen Conference of the Parties (COP15) in line with long standing pledges has to be seen in this context. While changes are under way in the international financial system to shift the trillions – as mandated by Article 2.1(c) of the Paris Agreement (UNFCCC, 2015) – this realignment is happening slower than needed. Persistent barriers and disincentives remain for scaling up finance for climate action and for shifting away from climate in-consistent action. Many developing countries' unsustainable levels of sovereign indebtedness and the high cost of capital most developing countries face for borrowing mean that even when these countries want to invest they are finding it increasingly difficult to do so.

At COP21 in Paris, developed countries failed to make significant new public finance pledges. Under the Agreement, a new collective quantified goal on climate finance (NCQG) from the floor of USD 100 billion per year was mandated to be set by 2025, with the process for its determination initiated at COP26 in Glasgow and concluded at COP29 in Baku, Azerbaijan. The Paris Agreement acknowledged that developed countries must continue to take the lead in mobilising climate finance. It mandated them to report biennially on their financial support mobilised and provided through public interventions for developing countries. How developed countries' public finance flows are accounted and reported in the continued absence of a clear climate finance definition, and whether the post-2025 new collective goal will take into account best available science and developing countries' growing needs, as highlighted in a second Needs Determination Report of the Standing Committee of Finance (UNFCCC, 2024a), will be a crucial yardstick for the success or failure of the Paris climate deal to halt dangerous temperature increase. Latest OECD projections of climate finance flows showed that the previous goal of USD 100 billion mobilised by developed countries per year by 2020 was met only in 2022 with USD 115.9 billion in confirmed flows, although there remains no plan to make up for the multi-year financing shortfall (OECD, 2021 and 2024a).

At COP29 in Baku, a last-minute agreement on the NCQG was reached after contentious negotiations. The decision saw the end of a three-year process that pitted developing countries' contention that the new climate finance goal should be understood in the context of the equity provisions of the UNFCCC with a central commitment of public funding provision by developed countries, against the understanding by developed countries that the goal was a mobilisation target under the Paris Agreement only with developed countries taking the lead in delivering finance to developing countries. In the end, the NCQG decision sets the new goal, "with developed country Parties taking the lead, of at least USD 300 billion per year by 2035 for developing country Parties for climate action" and calls for "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" (UNFCCC, 2024b). Absent from the decision are any references to core climate finance principles under the UNFCCC such as on adequacy or predictability. While the NCQG decision acknowledges the need for public and grant-based resources and highly concessional finance particularly for adaptation and for responding to loss and damage in Small Island Developing States (SIDS) and Least Developed Countries (LDCs), it does not set a target for adaptation. Despite recognising that adaptation finance needs to 'dramatically' scale up, the text lacks concrete new ambitious adaptation finance commitments. Throughout 2025, multiple calls to scale adaptation finance intensified in the lead-up to COP30 in Belém, highlighting the inadequacy of the COP26 promise of developed countries to at least double their provision of adaptation finance from 2019 levels by 2025. While a 2024 OECD report declared that this doubling is on track (OECD, 2024b), a report by the Standing Committee on Finance illustrated the challenges of establishing a baseline for this doubling (UNFCCC, 2024c). Likewise, the NCQG decision only urges countries to promote more inclusive climate finance and extension of its benefits to climate-vulnerable communities and groups, listing in particular women and girls, children and youth, persons with disabilities, Indigenous Peoples, local communities, migrants and refugees, but lacks a clear commitment or sub-target and related accountability provisions to ensure implementation. It remains also unclear whether funding for responding to loss and damage is included as part of the NCQG. This follows a decision at COP28 that adopted new funding arrangements to avert, minimise and address loss and damage, including core modalities and a governing framework for the new fund to serve the UNFCCC and Paris Agreement, with hosting arrangements confirmed at COP 29 and modalities for a start-up financing phase with limited financial scale approved in 2025. The new fund must urgently respond to increasingly severe impacts of climate change that already affect many developing countries, which will require an increased focus on subnational and localised solutions (IPCC, 2022 and 2023; UNFCCC, 2023). However its long term resource mobilisation, including public support by developed countries, is uncertain.

Amid drastic development assistance cuts and a retrenchment of climate finance commitments by developed countries in 2025 (OECD, 2025), including the immediate cessation by the United States of all its climate finance support after leaving the Paris Agreement (United States, 2025), the fallout of the Baku decision continued in the lead-up to and during COP30 in Belém. Developing countries' push for refocusing the climate finance negotiations with a dedicated work stream on the public provision mandate under Article 9.1 of the Paris Agreement fell short, as COP30 only approved a two-year work programme on climate finance under Article 9 as a whole. And while the COP30 Mutirão decision included a call "for efforts to at least triple adaptation finance by 2035" (UNFCCC, 2025a), this is without clarity on the baseline and in the context of the NCQG decision focused on mobilising climate finance, whereas the Glasgow goal on doubling was a provision target. At the same time, the COP29 and COP30 Presidencies' report on the Baku-to-Belém roadmap to 1.3 trillion (COP29/COP30 Presidencies, 2025), developed throughout 2025 with consultations and drawing heavily on input of a circle of finance ministers led by Brazil (Brazilian Ministry of Finance, 2025), failed to get Parties' endorsement at COP30 and was only 'noted'. Its utility and legitimacy to serve as an implementation plan for the NCQG is thus limited. The roadmap's recommendations highlighted public finance mainly for its role, especially finance channeled through multilateral development banks, in derisking and facilitating large-scale private sector flows to realise its financing target. COP30 failed to generate significant new public financing pledges for existing climate funds under the UNFCCC, including the Adaptation Fund, which fell short of its modest annual fundraising goal (Adaptation Fund, 2025).

These most recent developments send the signal that developed countries are not willing to significantly scale up public funding support post-2025. They come at a time, when additional efforts are needed to not derail climate action. This backdrop has already undermined the confidence of developing countries in receiving the needed support to successively raise the ambition of their nationally determined contributions (NDCs) as demanded by the process, as the new round of updated NDCs delivered just in the lead up to COP 30 indicated. The most recent UNFCCC NDC synthesis report showed that the possibility of global emissions peaking before 2030 can only be achieved by implementing the conditional elements of the NDCs, which depend mostly on access to enhanced financial resources, technology transfer and technical cooperation, and capacity-building support (UNFCCC, 2025b); UNEP's new emissions gap report estimates that even if the new NDCs are fully implemented without further efforts a temperature increase of 2.3°C to 2.5°C by the end of the century is likely (UNEP, 2025). It requires that the financial commitments of developed countries in the short- and medium term, including through core public finance provision, are further and rapidly increased.

Fund mobilisation and provision

Most fundamentally, the Convention has laid out that Parties need to take climate actions, including on finance, on "the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities" (UN, 1992a: Art. 3.1). Interpreted as the principle that 'the polluter pays', this is relevant for the mobilisation and provision of climate change funding, as is the UNFCCC requirement for "adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties" (ibid: Art. 4.3). The Bali Action Plan from 2008 likewise stipulates that funding must be adequate, predictable, sustainable, as well as new and additional (UNFCCC, 2008: Art. 1(e)(i)). In the 2010 Cancun Agreements, paragraphs 95 and 97 of the outcome document of the Ad-Hoc Working Group on long-term cooperative action (AWG-LCA) echo these funding principles. Specifically, paragraph 97 on long-term finance states that "scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties" (UNFCCC, 2011: Art. IV.A). More recently, the NCQG decision has highlighted the need to remove systemic barriers and address disenablers faced by developing countries in financing climate action, including the high cost of capital, limited fiscal space or unsustainable debt levels, while reiterating that the provision of scaled-up financial resources should aim for balance both thematically and regionally (UNFCCC, 2024b).

Clarity on how to mobilise climate finance can be strengthened by a consideration of these principles:

The polluter pays – this principle relates the level of both historical and current greenhouse gas emissions to the amount each country should pay for climate action. However, it is unclear how to address cumulative emissions in the absence of a consensus over a base year. Aside from serving as normative guidance to discuss the quantity of climate finance contributions of individual countries, applying the polluter pays principle with an understanding of a "common but differentiated responsibility and respective capabilities" determines climate finance as distinctly different from official development assistance (ODA) or aid flows.

Respective capability – contributions should relate to a measure of national wealth more broadly defined, as well as the status and trend of national economic and social development (the right to sustainable development referred to in Art. 3.4 of the Convention). A country's obligation to pay for climate action – and whether to transfer funds internationally or implement them domestically – should be correlated with a sustainable and universally accepted living standard for each of its citizens, which could build on the Sustainable Development Goals (SDGs) agreed in 2015 (UN, 2015). Again, the choice of a reference year could be a concern; periodic re-evaluations of a country's capacity to pay would be needed.

New and additional – while all development finance should have climate risks and climate compatibility in mind, climate finance should be additional to existing ODA commitments and other pre-existing flows from developed countries to avoid the diversion of funding for development needs to climate change actions. This is commonly understood to be above the 0.7% of gross national income (GNI) that has been the ODA target, unfulfilled by most developed countries, since 1970, with further backsliding over the past years. Unfortunately, existing assistance classification indicators are insufficient to separate climate finance classified as ODA from national contributions labelled as non-ODA. The term 'additionality' has also been used to assess whether the use of public climate finance to leverage private sector actions has resulted in investments that would not have occurred otherwise (EC, 2012; Venugopal et al., 2012). These interpretations start with the premise that public finance must remain at the core of fulfilling developed countries' climate finance obligations, with private climate finance playing a supplementary, not a substituting role. Lastly, in the context of financing for addressing loss and damage, the additionality to mitigation and adaptation funding must be secured to avoid a diversion of funding and, in particular, a relabeling of existing adaptation finance as loss and damage finance, therefore ensuring a balanced allocation of finance mobilised and provided among the three climate finance themes.

Adequate and precautionary – in order to "take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects" (UN, 1992a: Art. 3.3), the level of funding needs to be sufficient to keep a global temperature increase as low as possible. In the Paris Agreement, this is elaborated to mean "well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C" (UNFCCC, 2015: Art. 2.1(a)). Most current global funding needs estimates use a top-down approach by tying their costing to a 2°C or 1.5°C global temperature increase scenario. Cumulative national estimates of need based on countries' own climate action priorities as expressed in their NDCs, such as the Needs Determination Report by the UNFCCC Standing Committee on Finance, provide an important bottom-up reference of adequacy. This is important as increasing ambition in many of the NDCs – whose cumulative action still sets a trajectory for global temperature to rise significantly above 2°C – will require higher levels of investment, especially for conditional elements dependent on international climate finance support and beyond a country's domestic financing capacity, with many countries facing systemic barriers and disenablers in financing climate action due to the high cost of capital, limited fiscal space and unsustainable debt levels.

Predictable – a sustained flow of climate finance is needed through multi-year, medium-term funding cycles (three to five years). This will allow for adequate investment programme planning in developing countries to scale up or maintain existing efforts or to kick start a country's national adaptation and mitigation priorities or address loss and damage with initial tranches made in the secure knowledge of continued funding. This was reinforced more recently with the NCQG decision calling specifically for an expansion of multi-year, country-led programmatic approaches (UNFCCC, 2024b). Forward-looking, projected levels of climate finance are called for under Article 9.5 of the Paris Agreement, under which developed country Parties report every two years.

Balanced – finance must be provided in a balanced manner across the thematic areas of climate actions in recognition of the interdependence of the climate continuum as a three-pillar framework of addressing climate change. As mitigation actions fall short, climate impacts rise and with it the need to finance adaptation measures and to address loss and damage as residual impacts where adaptation fails. With mobilised climate finance overwhelmingly supporting mitigation, the provision of scaled-up climate finance in a balanced manner is crucial to address the needs and priorities of developing countries, especially those particularly vulnerable to the adverse effects of climate change and facing capacity constraints, such as LDCs and SIDS. Striving for a balanced provision of scaled-up financing between adaptation and mitigation has been widely accepted as a provision goal, first demanded in the

2010 Cancun Agreements (UNFCCC, 2011) and reiterated last in the 2024 NCQG decision (UNFCCC, 2024b), which is most commonly interpreted, although not defined, as a 50:50 allocation from a climate finance provider or intermediary perspective (UNFCCC, 2024d). This however does not take into account how to provide climate finance in a balanced manner to also take into account the growing needs for addressing loss and damage. The NCQG decision also included the requirement to track and report transparently on regional balance in recognition of the need to remedy the globally uneven distribution of funding mobilised and provided among developing countries.

While the Paris Agreement confirmed the principle of equity and effort-sharing broadly, it was less specific in applying it beyond nationally determined mitigation targets to set ambitious goals for upscaling means of implementation in support of actions in developing countries. The quantitative and qualitative provision of public finance and the mobilisation and provision of additional finance must be led by developed countries as part of the fair burden-sharing of all Parties. It is linked directly to the level of ambition that developing countries can take on for both mitigation and adaptation as well as addressing already occurring severe climate change impacts.

Fund administration and governance

Where public funding for climate change is used, including in efforts to leverage or crowd in private sector finance, national governments and global funding entities (receiving contributions from developed countries) are obligated to administer public funds in a way that is both transparent and accountable. Accountability furthermore suggests that broad, meaningful stakeholder participation and representation should be ensured in the administration of climate funding on the principles of equity and of non-discrimination, for example of marginalised groups such as women or Indigenous Peoples.

Transparent and accountable – while relevant for all stages of the climate funding cycle, both these principles need to be firmly reflected in the governance of climate funds as a prerequisite of implementation. A transparent administration of public climate funding requires publicly available, comprehensive, accurate and timely information on a mechanism's funding structure, its financial data, the structure of its board, its decision-making process, project preparation documents, actual funding decisions and disbursements made, as well as implementation results. To date, information on actual disbursements has been limited, as has been the reporting of achieved outcomes and impacts, reducing transparency of climate finance flows and undermining accountability, particularly to the funds' intended beneficiaries. The principle of accountability demands the existence of an easily accessible redress mechanism that would ensure a country's or affected citizens' procedural rights to challenge climate funding decisions or climate finance project implementation, the application of a comprehensive set of integrity policies, independent or third-party accountability and evaluation procedures, as well as strengthened oversight by national legislatures.

Equitably represented – in a clear break with existing ODA delivery mechanisms and the old, unequal power relationship between donor and recipient countries (which gave donor countries a bigger voice in funding decisions), climate funds need to be governed based on equitable representation. This goes beyond a focus on nation states and their representation on fund boards, and requires the inclusion of a diverse group of stakeholders into fund management and decision-making structures, including from civil society, the private sector and climate change-affected groups and communities in recipient countries. With the multilateral development banks increasing their role in climate finance delivery, their governance based on shareholder contributions is in stark difference to decision-making in multilateral climate funds under the UNFCCC and Paris Agreement.

Fund disbursement and implementation

While the ongoing discourse on climate finance must continue to challenge the slow progress of mobilising and providing adequate, predictable and additional public climate finance and how it will be governed globally, more attention should be given to the principles guiding disbursement and implementation. These are crucial, as they will determine the effectiveness and efficiency of the funds used, including by ensuring that they benefit and respond to the needs of those most affected by climate change.

Subsidiarity and national/local ownership – to guarantee that the disbursement of funding meets actual spending needs in developing countries, funding priorities should not be imposed upon a country or a community from the outside. Rather, funding decisions – in keeping with the concept of subsidiarity, as expressed in the Paris Declaration on Aid Effectiveness (OECD, 2005) and the Rio Declaration (UN, 1992b: Rio Principle 10) – should be made at the lowest possible and appropriate political and institutional level. This is often the subnational or local level, currently the 'missing middle' in climate finance (Omari-Motsumi et al., 2019). The principle of country ownership that most climate finance mechanisms uphold thus has to be understood beyond a narrow national government-centric focus.

Precautionary and timely – the absence of full scientific certainty and relevant data on necessary adaptation and mitigation action should not be used as a reason to postpone or delay funding for possible climate action now (UN, 1992b: Rio Principle 15), nor should it be used to deny developing countries and in particular local communities access to climate finance. In the absence of binding assessed contributions of developed countries to pay for climate action, which continues to be the case under the Paris Agreement, consolidated guidelines and indicators for measuring, reporting and verifying (MRV) climate finance are necessary to guarantee that voluntary pledges are turned into rapid delivery of funding. While this should not come at the expense of oversight and due diligence, a harmonisation and simplification of funder allocation guidelines with streamlined approval processes and reporting requirements, particularly for smaller scale low-risk subnational activities, could reduce burdensome and lengthy disbursement requirements.

Appropriate – Climate funding should not place any extra development burden on the recipient country. Depending on which financing instrument is used to disburse climate funds – grants, loans, investment guarantees/project risk insurance or equity investments – and on co-financing requirements or expectations, recipient countries (many of which are highly indebted with limited fiscal space) might be placed in a situation where climate action, including due to high transaction costs, would come at the expense of national development priorities or the fulfilment of their international human rights obligations (Mustapha, 2022). For these reasons, finance for public adaptation actions as well as finance to address loss and damage should be provided in the form of grants, including, if necessary, in the form of full-cost grant financing, as incremental costs are often difficult to establish in adaptation contexts and incremental cost calculations are burdensome.

Do no harm – Some climate-related investments if not carefully vetted through the application of environmental and social safeguards may cause maladaptation, invest at cross-purposes, harm sustainable development objectives as well as violate human rights. Public funding for climate change should avoid such investments, particularly also in the context of finance support for private sector investments and fund-of-fund intermediation. Areas of special concern include investments with a focus on continued use of fossil fuels, large hydro dams, bioenergy approaches threatening food security, or nuclear power generation.

(Directly) accessible for the most vulnerable – Barriers and conditionalities for access to climate finance, including restrictive eligibility criteria, co-financing requirements and burdensome application processes, should be reduced and, as appropriate, eliminated (see also UNFCCC, 2024b), and the benefits of climate finance should be distributed equitably. Thus, climate finance should correspond to the differing needs and capabilities of countries and regions to deal with the challenges of climate change, as well as the social and economic realities of recipient countries and the people living in these countries. Subnationally, support for vulnerable groups and local communities should be prioritised by making capacity-building, appropriate technologies and funding resources available especially for them, for example in the form of separate programmes or facilities focused on locally-led climate actions and through streamlined approval processes. The Direct Grant Mechanism of the Forest Investment Program that directly supports Indigenous Peoples and local communities is one example, as is the Small Grants Programme under the Global Environment Facility and the Enhanced Direct Access modalities under the Adaptation Fund and the Green Climate Fund. The Fund for responding to Loss and Damage stipulates access to small grants that support communities, Indigenous Peoples and vulnerable groups and their livelihoods, including with respect to recovery after climate related events (UNFCCC, 2023). Among nation states, special funding provisions should be made for LDCs and SIDS. Countries' direct access to funding should be scaled up, prioritised, facilitated and supported, including via finance support for institutional capacity-building as a matter of enhancing country ownership instead of receiving funding primarily via international implementing agencies such as multilateral development banks or UN agencies.

Gender equal – due largely to their assigned gender roles and respective rights (or lack thereof), different gender groups (women, men and LGBTQ individuals) have differing vulnerabilities to climate change as well as differentiated capabilities to mitigate emissions, and adapt to and cope with climate change impacts. These differences need to be taken into account by creating gender-responsive climate financing mechanisms and fund disbursement guidelines and criteria that support gender equality and empower women and marginalised gender groups in order to increase the effectiveness and efficiency of climate financing; such a link has been proved for gender-responsive development finance (see for more detail CFF 10 on gender).

Table 1: Principles and criteria for climate change funding

Delivery phase	Principle	Criteria
Fund mobilisation and provision	Transparency and accountability	Financial contributions by individual countries and international organisations and agencies, as well as the composition, quality and sources of these contributions, are monitored closely and methodically as well as disclosed publicly and in a timely manner
	The polluter pays	Financial contributions are relative to the quantity of historic and current emissions produced
	Respective capability	Financial contributions are correlated with (existing) national wealth and the right to (future) sustainable development and universally accepted minimum living standards for citizens
	Additionality	Funds provided are more than existing national ODA commitments and are not counted towards fulfilment of existing national ODA commitments
	Adequacy and precaution	Amount of funding is sufficient to deal with the task of maintaining global temperature rise well below 2°C and pursuing efforts to limit temperature increase to 1.5°C and existing systemic barriers and disenablers faced by developing countries in financing climate action are addressed
	Predictability	Funding is known and secure over a multi-year, medium-term funding cycle and supports multi-year, country-led programmatic approaches
	Balance	Funding is provided across the thematic continuum of climate action for mitigation, adaptation and to address loss and damage and provided and mobilised across regions, taking into account equity and parity.
Fund administration and governance	Transparency and accountability	Availability of publicly available comprehensive, accurate and timely information on a mechanism's funding structure, its financial data, the structure of its board and contact information for its board members, a description of its decision-making process, project preparation documents, the actual funding decisions and disbursements made, the implementation results achieved, and the existence of a redress mechanism or process
	Equitable representation	Representation of a diverse group of stakeholders, including directly affected people and communities, on the board of a fund or funding mechanism in addition to contributing and recipient countries; countries' board seats are not dependent on financial contributions
Fund disbursement and implementation	Transparency and accountability	Disclosure of funding decisions according to publicly disclosed funding criteria and guidelines and the disbursements made; duty to monitor and evaluate implementation of funding and outcomes and benefits secured; existence of a redress mechanism or process and the application of a comprehensive set of integrity policies; strengthened oversight by national legislatures
	Subsidiarity and national/local ownership	Funding decisions to be made at the lowest possible and appropriate political and institutional level; national and country ownership to be defined beyond a narrow government-centric focus to include subnational and local levels
	Precaution and timeliness	Absence of scientific certainty or relevant data should not delay swift disbursement of funding or be used to deny access to funding when urgent action is required
	Appropriateness	The financing instruments used, co-financing expectations or cost methodologies, including incremental cost approaches, should not impose an additional burden or injustice on the recipient country
	Do no harm	Climate finance investment decisions should not imperil long-term sustainable development objectives of a country, cause maladaptation, invest at cross-purposes or violate basic human rights
	Direct and non-burdensome access and vulnerability focus	Financing, technology and capacity-building to be made available without barriers and conditionalities to access climate finance, such as eligibility criteria, co-financing requirements and burdensome application processes, to be reduced, and, as appropriate eliminated, to the most vulnerable countries internationally and population groups within countries as directly as possible (eliminating multilateral intermediary agencies where not needed and strengthening national, subnational and local institutional capacity).
	Gender equality	Funding decisions and disbursement take into account the gender-differentiated capacities and needs of all gender groups through gender-responsive mechanisms, policies and approaches and a focus on empowerment of women and often marginalised LGBTQ individuals

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The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at **www.climatefundsupdate.org**

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