



A Series of Governance Papers by Stakeholder Forum, Focusing on the Sustainable Development Goals and the Triple Planetary Crisis

Paper 7: Financing the Triple Planetary Crisis of Chemicals and Waste, Biodiversity and Climate Change

By Craig Boljkovac, Hugo-Maria Schally, Stacy Azores, Felix Dodds, Chris Spence and Idil Boran - first published in November 2025

The opinions set forth below are the authors' own.

Introduction

The UN's reform effort, UN80, offers the opportunity to improve and strengthen the UN's environment pillar in the areas of climate change, biodiversity, and chemicals and waste. In our recent report, [UN80: Reform of the Multilateral Environmental Agreements](#), we assessed opportunities for reform, including clustering various treaties and strengthening the role of the UN Environment Programme.

However, we recognise that successful reform is only achievable if we address issues of financing. This report, which is a companion to the earlier one, considers how finance mechanisms can support key treaties and conventions, and in particular, the multilateral funding mechanisms available to them for implementing their goals and objectives.

A) Financing the Global MEAs on Chemicals and Waste

Craig Boljkovac

The main global chemicals and waste conventions and agreements include (in order of entry into force, with the date noted), the Montreal Protocol (of the Vienna Convention) (1989); the Basel Convention (1992); the Rotterdam Convention (2004); the Stockholm Convention (2004); the Strategic Approach to International Chemicals Management (SAICM, 2006) and its successor, the Global Framework on Chemicals (GFC, 2023); the Minamata Convention (2017); the Intergovernmental Science-Policy Panel on Chemicals, Waste and Pollution (ISP-CWP) (established in 2025); and the ongoing (but currently stalled) negotiations for a global plastics convention.

Overall, the Global Environment Facility (GEF) is the principal multilateral funding mechanism for chemicals and waste multilateral environmental agreements (MEAs) and frameworks, with both formal status for some MEAs and no formal status for other conventions or agreements. There is also an array of other multilateral mechanisms (including a general mechanism and several agreement-specific multilateral funds) and many bilateral funding sources, including from governments and some limited non-governmental sources (as explained below).

Overall, several studies estimate that only a small percentage of the funds needed for full implementation of the chemicals and waste MEAs are being provided by current sources. For example, for what is considered to be the best-funded agreement of this type, the Stockholm Convention, as of COP-12 in May 2025ⁱ the GEF had provided US\$1.47 billion in total POPs funding since the adoption of the Convention in 2001, against an estimated total funding needs by developing and CEITⁱⁱ Parties of some US\$4.9 billion for full implementation for only the period 2022-26 (some 24% of the total needed)ⁱⁱⁱ. Since this Convention is considered the best-funded^{iv} Given that, among all global chemicals and waste MEAs, the funding gap for other MEAs is likely larger, if not significantly larger, than this.

1. Core Architecture: Global Funds and Mechanisms

The **Global Environment Facility (GEF)** plays a central and cross-cutting role in financing the global chemicals and waste agenda, functioning in different capacities across the relevant agreements. It serves as the formal financial mechanism of the Minamata Convention on Mercury and as the interim financial mechanism of the Stockholm Convention on Persistent Organic Pollutants, while also indirectly providing some implementation support to the Basel and Rotterdam Conventions. Beyond these legally binding agreements, the GEF finances activities under the Montreal Protocol for countries with economies in transition, and it has been a major supporter of the Strategic Approach to International Chemicals Management (SAICM) and its successor, the Global Framework on Chemicals. The GEF is also expected to play a supportive role in the work of the newly established Intergovernmental Science-Policy Panel on Chemicals, Waste and Pollution, helping to strengthen scientific and institutional capacities.

The Special Programme and the time-limited former Quick Start Programme (QSP), managed by UNEP, are relatively minor (especially compared to GEF) resources for the chemicals and waste MEAs. The Special Programme provides support to developing countries and countries with economies in transition to enhance their sustainable institutional capacity to develop, adopt, monitor and enforce policy, legislation and regulation for effective frameworks for the implementation of the Basel, Rotterdam and Stockholm Conventions, the Minamata Convention, SAICM and the Global Framework on Chemicals. The QSP disbursed some US\$47.6 million to end-2017^v. The Special Programme has successfully processed seven rounds of applications since its inception in 2015. Across seven funding cycles, some 83 projects in 70 countries have been approved for a total of US \$36.8 million^{vi}.

The Specific International Programme (SIP) under the Minamata Convention provides dedicated, targeted support to help developing countries and countries with economies in transition strengthen institutional capacity and fulfil their implementation obligations. It complements the GEF by funding projects focused on governance, legislation, monitoring, enforcement, and other enabling conditions essential for effective mercury control. Since the establishment of its Trust Fund in 2018, SIP has funded 24 projects (in 22 developing

ⁱ Global Environment Facility / Secretariat of the Basel, Rotterdam and Stockholm Conventions. Sixth Review of the Financial Mechanism of the Stockholm Convention on Persistent Organic Pollutants. Information document UNEP/POPS/COP.12/INF/36. Geneva: Conference of the Parties to the Stockholm Convention, 2025.

ⁱⁱ Countries with Economies in Transition

ⁱⁱⁱ UNEP/POPS/COP.10/INF/33 (2021). *Assessment of funding needs for implementation of the Stockholm Convention, 2022-2026*.

^{iv} The Montreal Protocol, however, has by far the best record in mobilising private co-finance (see below), and has been cited by Kofi Annan (among others), as “Perhaps the single most successful international agreement to date...”.

^v Secretariat of the Strategic Approach to International Chemicals Management, *Update on the Quick Start Programme and its Trust Fund (to December 2017)*, document SAICM/ICCM.5/11, Geneva, 2018.

^{vi} United Nations Environment Programme (UNEP), *Special Programme to Support Institutional Strengthening for the Basel, Rotterdam and Stockholm Conventions, the Minamata Convention, and SAICM: Overview of Rounds 1-7*, Nairobi: UNEP Secretariat, 2024.

country /CEIT Parties). The total contribution (funding envelope) for these projects is approximately US \$7,780,000^{vii}.

The Global Framework for Chemicals (GFC) Fund is a dedicated financing mechanism established to support implementation of the new Global Framework on Chemicals by strengthening national institutions, accelerating the sound management of chemicals and waste, and enabling safer, more sustainable production and use. It aims to mobilise both public and private resources, complementing existing mechanisms like the GEF while filling gaps for activities not covered under legally binding agreements. It is, in some ways, a successor or complement to the Quick Start Programme under SAICM. While no figures are currently publicly available regarding disbursements to date, the Fund is currently accepting proposals for a second round of projects, which can range in size from US \$250,000 to \$800,000 per project (the deadline for applications is mid-December 2025). In addition, the International Council of Chemical Associations has indicated it contributed some 1.5million euros to the fund as of August 2025^{viii}.

2. Finance Across Global Chemicals and Waste MEAs

Convention/Agreement	Finance Source/Mechanism	Scale/Scope and Notes
Montreal Protocol (Vienna Convention)	MP Multilateral Fund GEF (for countries in economic transition)	MF supports developing countries GEF supports countries in economic transition not otherwise eligible for MF assistance.
Basel Convention	Special Programme; GEF (indirectly), GFC Fund	Has also received support on plastics-related waste projects in light of the 2019 amendments to Annexes concerning plastic wastes.
Rotterdam Convention	Special Programme, GEF (indirectly), GFC Fund	Also receives support from Regional Centres (for the Basel and Stockholm Conventions) and bilateral support.
Stockholm Convention	GEF (principal entity on an interim basis ^{ix}); Special Programme	Also receives bilateral support for plastics-related projects where POPs are component ingredients.
SAICM/GFC	Quick Start Programme, GFC Fund	A multistakeholder/multi-sectoral partnership is unique in this cluster. The QSP was time-limited.
Minamata Convention	GEF, Special International Programme (SIP)	GEF is the formal financial mechanism, complemented by the SIP and bilateral funding.

^{vii} Secretariat of the Minamata Convention on Mercury, Report on the Specific International Programme to support Capacity-building and Technical Assistance (SIP), UNEP/MC/COP.5/11, Geneva, 3 November 2023.

^{viii} International Council of Chemical Associations, “Chemical Industry Boosts Funding to €1.5 M for Global Chemicals Management,” Brussels, 6 August 2025, available at: <https://icca-chem.org/news/global-chemicals-management-icca-funding-1-5-million/> And: United Nations Environment Programme, “Overview of the Global Framework on Chemicals Fund,” 29 September 2025, available at: <https://www.unep.org/global-framework-chemicals/gfc-fund/overview-global-framework-chemicals-fund>

^{ix} “The mechanism may also include other entities providing multilateral, regional and bilateral financial and technical assistance.” (Article 13, Stockholm Convention on Persistent Organic Pollutants).

Plastics	Under negotiation, but both GEF and a stand-alone multilateral fund under discussion, as well as a possibly hybrid mechanism. Alternatively, GEF might be asked to operate on an interim basis until a stand-alone mechanism is fully formed.	The GEF has publicly stated it stands ready to support implementation of the treaty, having invested roughly US\$ 1 billion in plastic pollution solutions to date.
----------	---	---

3. Broader Landscape: Finance Beyond Multilateral Funds for Chemicals and Waste MEAs

a) Bilateral Funds (including EU/EC, FFEM)

Bilateral funding remains a significant but highly variable source of support for the global chemicals and wastes MEAs, complementing the GEF and other multilateral mechanisms. Major contributors—including the European Union/European Commission, Germany, Japan, the United States, Canada, Switzerland, Norway and, increasingly, China—provide finance through technical-assistance programmes, targeted POPs and mercury projects, capacity-building, and enforcement initiatives. France’s FFEM also plays a notable role, particularly in francophone Africa. While these bilateral flows collectively amount to several hundred million dollars per GEF replenishment cycle, they remain fragmented, are often tied to specific national priorities, and generally fall well short of the multibillion-dollar needs identified in formal assessments under the Stockholm, Minamata and Basel Conventions. Bilateral donors also provide the bulk of financial contributions to the multilateral funds previously cited.

b) Support from Regional Development Banks

Regional development banks and the World Bank increasingly support chemicals- and wastes-related objectives, though usually as co-benefits within broader infrastructure, energy, or environmental programmes, rather than as stand-alone Stockholm, Basel, or Minamata Convention projects. The World Bank, Asian Development Bank (ADB), Inter-American Development Bank (IDB), African Development Bank (AfDB), and the Asian Infrastructure Investment Bank (AIIB, the newer China-led bank) have all financed grid-modernisation, industrial-energy efficiency, and hazardous-waste management projects that incorporate POPs or mercury management components. For example, several World Bank and ADB energy-sector loans in Asia and Eastern Europe have included the identification, replacement, and environmentally sound disposal of PCB-containing transformers, aligning directly with Stockholm Convention obligations. Similar integration occurs in waste-management investments such as municipal solid-waste reforms that reduce open burning of waste (an Article 5 requirement under Stockholm on unintentional POPs), or industrial-pollution control projects that help countries comply with Basel transboundary-movement and waste-management rules, or Minamata-aligned mercury-phaseout and ASGM formalisation programmes. Although these banks do not operate as formal MEA financial mechanisms, their large-scale lending can deliver substantial chemicals- and wastes-related benefits when MEA objectives are explicitly mainstreamed into infrastructure and development planning.

c) Private Sector Support

For the chemicals and wastes MEAs, most finance is still public, but there are several notable public-private and purely private streams that complement the GEF and other public mechanisms. The GEF has experimented with public-private partnerships through its

former Earth Fund/PPP window and now via blended-finance and non-grant instruments in GEF-7/8, which explicitly aim to mobilise private investment and co-financing for chemicals and waste projects such as PCB disposal systems and other hazardous-waste interventions. Under SAICM, the Quick Start Programme combined a multilateral trust fund with substantial non-trust-fund contributions from companies and industry groups (e.g., BASF, ICCA, Dow), NGOs and UN agencies, valued at over US\$76 million in cash and in-kind, alongside roughly US\$37 million in the trust fund itself, making it one of the clearest PPP-style arrangements in this area. Its successor, the Global Framework on Chemicals Fund, is explicitly designed to draw resources from governments, the private sector (including finance), foundations and other stakeholders, and requires at least 25% co-financing from applicants, including private companies. For the Montreal Protocol, while the Multilateral Fund is funded by states, project evaluations show that private firms regularly invest their own capital to cover industrial conversion costs not paid by the Fund—Brazil’s CFC/HCFC phase-out, where companies supplemented about US\$92 million in grants, is a frequently cited example—so private co-finance is significant even if it does not flow directly into MEA trust funds. Overall, private and PPP finance for chemicals and wastes MEAs exists and is growing, but remains modest and project-based, however, compared with the core public funding streams.

4. Systemic Challenges and Emerging Trends

a) Overall Funding Gap and Tightening of Resource Availability: As noted in the Introduction, with the example of a funding shortfall for Stockholm Convention commitments and GEF funding, resources that have been made available for the full implementation of the global chemicals and waste MEAs fall far short at present. Given the current geopolitical landscape, funding from key past contributors such as the US and EU/EC will likely be further restricted in future. Barring the development of new and innovative approaches or the strengthening of contributions from private sources, this will likely result in the gap becoming wider over the coming years.

b) Need for Further Simplification of Funding Availability (without Compromising Accountability): Many recipient countries continue to lack the capacity to easily and effectively meet donor requirements (including, but not limited to, GEF) in order to access needed resources. Further capacity building in this area is needed. Also, further engagement is needed with innovative entities such as Regional Centres (technically limited to the Basel and Stockholm Conventions, although many, if not most, assist in their regions for the other chemicals and waste MEAs). Such Regional Centres are often “closer to the ground” to their client countries and can provide assistance on a more cost-effective basis than traditional implementing agencies (such as UN organisations). The GFC funding mechanism, for example, has recently recognised the unique contribution the Regional Centres can make.

c) Need for Mechanisms to Increase Their Effectiveness Through Further Examination of Project Delivery and Country Eligibility: GEF and other multilateral (and bilateral) donors can continuously improve the effectiveness of projects through regular examination of results and means for delivery of projects. While such efforts have clearly taken place over time, further efforts at incorporating clearly defined and formally structured mechanisms for improvement based on lessons learned would benefit recipient countries.

One of the most important systematic challenges is the misalignment of the GEF and the MEAs. The GEF consists of decision-making members who are not Parties to some of the MEAs. Therefore, in effect, non-Parties decide which implementation activities might be funded and which Convention Parties are allocated scarce resources. In addition, GEF

participants rarely have chemicals and waste-related expertise, and the chemicals and waste MEA participants are rarely experts at finance issues. This leads to misaligned expectations concerning what the GEF will and will not fund.

In addition, the GEF, for apparent geopolitical reasons, has, for at least the past 10-15 years, declined to take any action to fund proposals from a wide variety of countries that are Parties in good standing to one or more chemicals and waste MEAs for which the GEF provides financial support.^x To date, this issue has not been resolved.

d) Clear Overall Weakness of Private Sector Engagement: This cluster appears to be among the weakest (despite some modest successes to date under SAICM and GEF, as noted above) at mobilising significant private sector funding. Chemicals and wastes are highly profitable businesses worldwide (“The global chemical industry [alone] was estimated at US\$5 trillion in 2017, and its size is projected to double by 2030.^{xi}”). In principle, applying the polluter pays approach, industry should also cover the costs. Thus, the overwhelming proportion of public funding in this cluster is, in effect, a massive industry subsidy.

Recent interest and engagement of the private sector during the ongoing negotiations for a global plastics treaty will hopefully spread into the realm of the other chemicals and waste MEAs. Further, dedicated efforts in this area need to be made. As these MEAs are paving the way forward in terms of developing/future trends in the area of chemicals and wastes globally, developing countries should also further develop policies to ensure that the private sector pays a greater share of the costs.

e) The overall system for the provision of support with public funds needs to be formally re-examined: At present, countries such as Greece or Croatia (for example) provide support for far wealthier countries such as Saudi Arabia and other highly developed petrostates, and other countries at a similar (high) level of development, such as Singapore and China. A formal re-examination of the donor country system should be considered, perhaps within the framework of the UN80 process.

B) The Financial Landscape Around Biodiversity-Related MEAs

Hugo-Maria Schally

1. Core Architecture: Global Funds and Mechanisms

Global Environment Facility (GEF) & GBF Fund (GBFF)

The **GEF** remains the principal financial mechanism for the CBD and other MEAs. Under **GEF-8 (2022-26)**, the Biodiversity Focal Area allocation totals **US\$1.92 billion**, with more than **US\$5.2 billion** in cumulative biodiversity investments leveraged by co-finance. The **GBF Fund (GBFF)**—established under Decision 15/7 and launched in 2023—has become operational, serving as a cornerstone for the **2025-2030 Resource Mobilisation Strategy**. In 2024, CBD COP16 decisions emphasised simplified access, multi-country programming, and coherence with national biodiversity finance plans.

^x For example, please see: IISD Earth Negotiations Bulletin (ENB). “Summary of the 2021 Meetings of the Conferences of the Parties to the Basel, Rotterdam and Stockholm Conventions,” 26-30 July 2021, Vol. 30 No. 78. Available at: <https://enb.iisd.org/chemicals/2021COPs/summary>

^{xi} Alpizar, F., Backhaus, T., Decker, N., Eilks, I., Escobar-Pemberthy, N., Fantke, P., Geiser, K., Ivanova, M., Jolliet, O., Kim, H-S., Khisa, K., et al. (2019). UN Environment Global Chemicals Outlook II - From Legacies to Innovative Solutions: Implementing the 2030 Agenda for Sustainable Development. United Nations Environment Programme. ISBN: 978-92-807-3745-5.

CBD Resource Mobilisation Post-COP16

At COP16, Parties adopted the revised **Resource Mobilisation Strategy (2025-2030)**, committing to mobilise finance from *all sources*—public, private, domestic, and international—and to establish a unified reporting framework. The decision also requested a review of the GEF’s performance and explored the creation of a **dedicated biodiversity financing instrument** under CBD authority. Preparations for **COP17 (Yerevan, Armenia 2026)** focus on scaling national biodiversity finance plans, strengthening private-sector engagement, and harmonising reporting systems with GBF Targets 19 and 20.

UNCCD and New Restoration Finance

At the 2024 Riyadh Initiative, the **Kingdom of Saudi Arabia pledged US\$2 billion** toward global anti-desertification and land-restoration efforts, including a **Desertification Fund** and a **Global Water Organisation**. This unprecedented commitment—complementing GEF’s Land Degradation Focal Area—aligns with GBF Targets 2 and 10 and signals a growing convergence of land, climate, and biodiversity finance.

Emerging Mechanism under the BBNJ Agreement (2023)

The **Agreement on Biodiversity Beyond National Jurisdiction (BBNJ)** adds a marine dimension to the biodiversity finance landscape. Its **Article 52 Special Fund**, financed through assessed and voluntary contributions, supports developing States, SIDS, LDCs, and LLDCs with simplified access and readiness mechanisms. This approach mirrors the equity and accessibility principles seen in the GBFF and UNCCD mechanisms.

2. Finance Across Key Biodiversity MEAs

Convention	Finance Source / Mechanism	Scale & Notes
CBD & Protocols	GEF, GBFF, bilateral & multilateral aid	Core mechanism for GBF implementation; central to 2025-2030 RM Strategy
CITES	CITES Trust Fund + GEF co-finance	Species-trade management via national GEF pipelines
Ramsar	Core + voluntary contributions	Limited core funding; relies on domestic and project aid
World Heritage (Natural)	WH Fund + external partners	Small-scale grants, supported by philanthropy and project finance
CMS	Assessed + voluntary + project-based	Dependent on MoUs and bilateral aid
ITPGRFA	Benefit-sharing Fund	US\$26 million invested in 81 projects across 67 countries
UNCCD	GEF LD Focal Area + KSA Desertification Fund	Expanding restoration finance, strong synergy with GBF Targets 2 & 10

Convention	Finance Source / Mechanism	Scale & Notes
BBNJ (under development)	Article 52 Special Fund	New global mechanism for high-seas conservation

3. Broader Landscape: Finance Beyond MEA Budgets

Official Development Assistance (ODA) and Shifting Donor Priorities

Global biodiversity finance is increasingly constrained by the downturn in ODA and shifting priorities among major donors. Analyses of OECD and EU budgets for 2024-2025 show that donor countries—including the **United States, Germany, France, and Sweden**—have reallocated funding toward security, industrial resilience, and migration management, leading to reduced environmental and development allocations. The **U.S. retrenchment** from global development finance, including lower contributions to the GEF and reduced USAID environmental programs, compounds these pressures: U.S. leadership traditionally underpinned donor coordination and co-financing leverage. Its partial withdrawal diminishes predictability in multilateral fund replenishments and weakens appetite for innovative instruments such as debt-for-nature swaps and biodiversity credits.

The **EU’s mid-term review of the Multiannual Financial Framework (MFF 2021-2027)** also revealed re-prioritisation away from external green finance, while rising defence and industrial spending crowd out climate and biodiversity budgets. Inflationary pressures and domestic fiscal consolidation further limit contributions to multilateral mechanisms such as the GEF, GBFF, and GCF. These trends constrain access for developing countries, reduce concessional flows, and increase reliance on blended and private finance.

Private and Blended Finance

In response, Parties are seeking to mobilise private capital and blended instruments. COP16 called for regulatory and fiscal frameworks to attract biodiversity-positive investment, including impact disclosure requirements and risk-sharing mechanisms. However, private finance alone cannot compensate for declining public aid, particularly in low-income countries with limited market depth.

Philanthropy and Sovereign Instruments

Philanthropic funds, sovereign green bonds, and debt-for-nature swaps are filling part of the gap. Yet these remain fragmented and volatile. Sustained impact depends on aligning such instruments with national biodiversity finance plans and predictable public co-funding.

4. Systemic Challenges and Emerging Trends

- **Access and Absorption Barriers:** Despite new facilities, complex eligibility and reporting procedures continue to delay disbursements. COP16 reaffirmed the need for simplified access.
- **Shrinking Fiscal Space and Donor Retrenchment:** The combination of U.S. and European budget cuts threatens the stability of multilateral funding, creating uncertainty for biodiversity implementation.
- **Fragmentation and Coordination Gaps:** MEAs still operate with asynchronous cycles and overlapping mandates.

- **Emerging Donor Roles:** New actors, including Saudi Arabia, China, and the United Arab Emirates, are increasingly active, signalling a partial rebalancing of global environmental finance.
- **Private Finance Scaling:** Post-COP16 discussions highlight the need to scale biodiversity markets (credits, restoration bonds) under GBF Target 19.2, but progress depends on sustained public anchor finance.

C) Financial Architecture Supporting UNFCCC Implementation

Stacy Azores

The United Nations Framework Convention on Climate Change (UNFCCC) has established a layered financing architecture to support mitigation and adaptation in developing countries. The first multilateral instrument was the **Global Environment Facility (GEF)**, which was designated as an operating entity of the Convention’s financial mechanism. Additional funding processes were thereafter developed through adaptation/mitigation negotiations, as follows:

Year	New Fund Introduced	Purpose within UNFCCC
1991	Global Environment Facility (GEF)	A broad climate-finance conduit also supports biodiversity and ozone protection
2001	Adaptation Fund (AF)	Finance for concrete adaptation projects under the Kyoto Protocol
2005	Least Developed Countries Fund (LDCF)	Targeted support for the most vulnerable, least-developed parties
2005	Special Climate Change Fund (SCCF)	Complementary financing for mitigation & adaptation in developing countries
2010	Green Climate Fund (GCF)	Separate the multilateral fund & primary operating entity of UNFCCC
2022	Loss and Damage Fund (officially “Fund for Responding to Loss and Damage”, FRLD)	Dedicated financing to address economic and non-economic loss and damage suffered by vulnerable developing countries due to climate-induced extreme events and slow-onset impacts

Application of Financial Streams

Fund (Operating Entity)	Core Mandate (UNFCCC Context)	Typical Projects & Sectors	*Notable Gaps / Coordination Issues
Green Climate Fund (GCF)	Main operating entity of the UNFCCC financial mechanism; equal focus on mitigation & adaptation	Large-scale renewable energy, resilient infrastructure, and climate-smart agriculture	Often omits explicit ozone-layer safeguards; overlaps with other funds can cause duplication
Global Environment Facility (GEF)	Entrusted with the Convention’s financial mechanism, supports climate, biodiversity, ozone, and other environmental goals	Integrated projects linking climate mitigation with ecosystem restoration; pilot ozone-friendly technologies	Fragmented project design may separate climate and ozone components, reducing synergy
Adaptation Fund (AF)	Finances concrete adaptation actions under the Kyoto Protocol	Community-level flood defences, drought-resilience programmes	Limited scope for mitigation or ozone-related measures
Least Developed Countries Fund (LDCF)	Targets the most vulnerable, least-developed Parties	Capacity building, early warning systems, and basic renewable installations	Small grant sizes can restrict the inclusion of multi-objective (climate + ozone)

Fund (Operating Entity)	Core Mandate (UNFCCC Context)	Typical Projects & Sectors	<i>*Notable Gaps / Coordination Issues</i>
			components
Loss and Damage Fund (FRLD)	Assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage, including extreme weather events and slow-onset phenomena	Post-disaster reconstruction, livelihood restoration, insurance-type pay-outs, ecosystem-based compensation mechanisms	Coordination with GCF, GEF, and adaptation funds is evolving; clarity on eligibility criteria and scaling of pay-outs remains a challenge

Funding Inadequacies and Threats

Finance under the UNFCCC, Kyoto Protocol, and Paris Agreement has been the subject of ongoing concern and criticism, with developing countries and many other stakeholders noting the massive gap between existing financial support and what is needed to address climate change at the scale needed. Estimates vary, but some suggest US\$2.4 trillion annually to support developing countries in meeting their goals. This is far more than what is currently provided across the public and private sectors.

At the same time, needs are not being met, and the appetite of governments of high-income countries to support even existing funds is arguably waning. The US withdrawal from the Paris Agreement is emblematic of this shift, although even among many other governments in the Global North, there have been signs of a cooling as priorities shift to security concerns and other areas.

Meeting future needs will require more private sector engagement, community-level solutions, and innovative financial tools. Strengthening the synergy between the Green Climate Fund, the Global Environment Facility, the Adaptation Fund, the Least Developed Countries Fund, and the newly created Loss and Damage Fund will be essential to avoid duplication, ensure complementary coverage (including ozone layer considerations), and ultimately bridge the trillion-dollar financing gap.

Please note that the loss and damage fund was formally created through decisions 2/CP.27 and 2/CMA.4 at COP27 and operationalised at COP28; so it is now an operating entity of the UNFCCC financial mechanism, with a Board of 26 members constituted in 2023. It was introduced as a dedicated stream for irreversible climate-induced harms, thus acknowledging that loss and damage must be financed separately from mitigation and adaptation.

Next Steps

Despite widespread concerns, multilateral funding for the triple planetary crisis of climate change, biodiversity, and chemicals and waste has not declined. In fact, reports show a record \$137 billion in climate financing from Multilateral Development Banks (MDBs) in 2024, which was a 10% increase from the previous year.

That said, it is very unclear what the impacts will be of the US government's closure of USAID and of projected funding reductions from France, Germany, and the United Kingdom in Official Development Assistance (ODA) in 2025.

Other countries, such as the Netherlands, Sweden, and Switzerland, have also announced cuts or plans to reduce their aid budgets.

One bright spot is that the Green Climate Fund has established a Private Sector Facility (PSF), a dedicated division designed to fund and mobilise private-sector actors. It hopes to secure funding from institutional investors, project sponsors, and financial institutions.

The US\$1.3 trillion Baku to Belem roadmap developed by the COP 29 and COP 30 presidencies may need to broaden its beneficiaries to include biodiversity, chemicals, and waste, if successful.

This overview of the funding helps to understand what funding mechanisms are available in each of the three clusters, highlighting gaps and overlaps for improving alignment.

Copyright © 2025 - Stakeholder Forum for a Sustainable Future and the author



Company no. 05243470 • Registered in England and Wales
Registered Offices: 2 The Links • Herne Bay • Kent • CT6 7GQ • UK • tel. +44 (0) 1227 373271
KVK-nummer 78620813 • Roggekamp 619 • 2592XB The Hague • NL
DOS ID 3976706 501 (c) (3) • the State of New York • e: info@stakeholderforum.org