

## Media release

### Embargo until 7.00 am GMT November 3, 2021

Climate finance is one of the important topics of the COP26 agenda. At this summit parties will start to negotiate a new architecture and targets for climate finance. The new collective and quantified finance agreement should be applied by 2025.

When parties start to talk about future climate finance, they should refer to past experience. For example, we know that developed countries failed by 2020 to deliver on the existing USD 100 billion a year target for climate finance. We know that they have favoured mitigation above adaptation. We also know that most of the funds are counted as both climate finance and official development aid. Some worrying trends such as an increase in loan financing, including for adaptation, are evident.

As ACT Alliance Moderator, Birgitte Qvist-Sørensen, says:

- “Climate finance is needed to enable climate action. With neither support nor investments, vulnerable countries will not be able to promote the green transition, ensure the necessary adaptation or rise above climate-induced loss and damage.”

November 3rd is “climate finance day” at COP26, when ACT Alliance launches the new report *Post Climate Finance Architecture Through a Climate Justice Lens*. The report assesses the climate finance which has been delivered until now and proposes a way forward for a new post-2025 finance decision.

As General Secretary of ACT Alliance, Rudelmar Bueno de Faria, says:

- “Most developed countries use ordinary development aid when they offer climate finance to developing countries. An increased focus on climate change, may thus lead to a reduced focus on other development needs. Any future climate finance agreement must ensure that climate finance is new and additional to development aid and that agreed-upon development aid is not undermined when the focus on climate finance increases.”
- “It is evident that developed countries have not prioritised adaptation when they have allocated their climate finance. Any future target should therefore have a separate focus on adaptation finance.”
- “The majority of existing climate finance is delivered as loans, but poor and vulnerable countries need grants, especially for adaptation. It is clear that any future finance decision should have targets for grants.”
- “As acknowledged in the Paris agreement, people, communities and countries face climate-induced loss and damage. Efforts to help people to tackle these challenges are not covered by existing finance agreements, and loss and damage should be included in any future decision.”

As ACT Alliance Moderator, Birgitte Qvist-Sørensen, says:

- “When parties are starting to negotiate about the future of climate finance, they should consider what has happened in the past. As shown in our report, there are many important lessons, and a new finance decision must ensure that support is delivered as promised.”
- “When we talk about climate finance, we often focus on the numbers. However, we should also remember that there are people behind the numbers, and that every dollar spent on climate finance will help us tackle the climate crisis.”

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