



March 2025

Response from UN Trade and Development on views related to the Baku to Belém Roadmap to 1.3T (“the Roadmap”).

1. Expectations for the “Baku to Belém Roadmap to 1.3T”?
 - Meeting the Quantum with Urgency
 - Implementing a Plan for High-Quality Climate Finance
 - Overcoming barriers to an Enabling Environment
 - Strengthening International Cooperation
2. Topics and thematic issues to be explored to inform the Roadmap
 - Sovereign debt issues
 - Public expenditure on climate
 - A realistic role for private finance
 - Multilateral and Public Development Banks
 - Official Development Assistance commitments
 - International Monetary Fund alignment with the Paris Agreement
 - Tax cooperation and Illicit Financial Flows
3. Country experiences, best practices and lessons learned
4. Relevant multilateral initiatives
 - At the UN level
 - Country-led and multilateral initiatives

The “Baku to Belém Roadmap to 1.3T” adopted in the New Collective Quantified Goal (NCQG) outcome presents a timely opportunity to advance innovative approaches to resource generation and strengthen international collaboration on climate action. The Roadmap should align global ambitions on scaling up climate finance with the practical actions to meet financing needs, including through international financial architecture (IFA) reform.

What are your overall expectations for the “Baku to Belém Roadmap to 1.3T”?

The Baku to Belém Roadmap is an opportunity to enhance developing countries' access to critical climate finance within a clear implementation framework inclusive of substantive IFA reforms. The report presented at COP30 and mandated in the NCQG outcome should outline the steps necessary to generate adequate and suitable climate financing for developing countries well before 2035, focusing on those actions which are both feasible and at the necessary scale. It should uphold the principles of equity and Common But Differentiated Responsibilities and Respective Capacities (CBDR-RC), and align with broader ambitions to deliver just transitions. While it is important that high-level principles guide any implementation process, the Roadmap must be focused on delivering concrete, actionable measures, defined indicators to track their progress, clear roles and responsibilities and timebound milestones to aid implementation.



Meeting the Quantum with Urgency

UNCTAD had estimated that the core NCQG target from developed to developing countries should have been closer to \$900 billion from 2025, up to \$1.46 trillion by 2030.¹ The Decision sets the 1.3T goal as a minimum floor by 2035, nonetheless implying that for the nine years prior, any contribution above the \$100 billion floor would be considered acceptable. Considering that the goal includes all sources of finance, public and private, the \$1.3T is a floor that should be reached as soon as possible, in order to use it as a baseline to build climate action from, especially considering inflationary pressure that might lower the real value of the \$300 billion and \$1.3 trillion goals by 2035.

Implementing a Plan for High-Quality Climate Finance

For the Roadmap to respond to developing countries' needs, it should reflect not only on the quantum, but also on the structure and quality of climate finance.² "Quality" elements reflect on the need for climate finance to be better targeted towards high-quality outcomes for climate-resilient development. While the NCQG decision indicates key elements of a higher quality goal such as the importance of grant-based finance for certain activities, actions to improve access, and the need for stronger accountability and transparency, it lacks concrete measures for implementation. The Roadmap could be the place where this gap is addressed.

Overcoming barriers to an Enabling Environment

Considering the scale of the climate finance gap, the Roadmap should act as an accelerant of efforts to address developing countries' structural constraints in increasing access to finance, such as reducing the cost of capital, addressing unsustainable debt, aligning international financial institutions (IFIs) with climate needs, and tackling illicit financial flows (IFFs) with greater international cooperation on tax issues. This presents an opportunity to better connect climate finance discussions with IFA reform initiatives: the core \$300 billion NCQG can mobilize significantly greater resources when coupled with thoughtful IFA reform elements, creating a more resilient system built on inclusive institutions that are truly fit for purpose and capable of delivering the transformative change they were designed to achieve. This dual approach should have a laser-focus on generating additional, high-quality climate funding where it is most needed.

Strengthening International Cooperation

In addition to innovative approaches to resource generation, the Roadmap must strengthen international collaboration. In the current complex geopolitical landscape, following a decade of unfulfilled climate finance promises, the Roadmap should function not only as a blueprint for action but as a trust-building mechanism. With urgent need to increase support for developing countries, expectations for this process are justifiably high and it is incumbent on all actors to mitigate and manage risks and challenges which would undermine a positive, trust-building outcome. The process to deliver the Roadmap should be transparent and inclusive, generating legitimacy through deep engagement with all stakeholder groups and building clear connections to related processes and intended outcomes. This is a lot to deliver in less than one year, and so should build on progress achieved in recent years across the multilateral system to consolidate a common vision and implementation framework. 2025 has already proven itself to be a flashpoint year for the future of multilateralism and the Roadmap will play a central role in ensuring the path chosen leads to a liveable planet where all can prosper.

¹ UNCTAD (2023), *The New Collective Quantified Goal on climate finance: Quantitative and qualitative elements*. Geneva.

² UNCTAD (2023). *Considerations for a new collective quantified goal: Bringing accountability, trust and developing country needs to climate finance*. United Nations publication. Geneva.

Which topics and thematic issues should be explored to inform the Roadmap, within the scope of the mandate?

The Roadmap should explore the necessary steps to mobilise \$1.3T in climate finance for developing countries “including through grants, concessional and non-debt creating instruments, and measures to create fiscal space”. It presents a unique opportunity to build a strategy to deliver the elements of IFA reform that have been discussed by the international community in recent years in different arenas, and could also link to critical policy space issues such as aligning the rules and norms of global trade and investment, technology transfer, and macroeconomic coordination in order to maximise the impact of resources. A non-exhaustive list of elements for further exploration include:

- *Sovereign debt issues.* 3.3 billion people live in countries that spend more on interest payments than on either education or health.³ In many developing countries, interest payments outweigh climate investments, thus slowing down efforts towards climate change adaptation and mitigation. Already acknowledged in the NCQG decision, the Roadmap can promote efforts to create fiscal space in developing countries for climate-resilient development. For instance, it could explore links between debt relief efforts and the achievement of the \$1.3T goal. It should also insist on a target for delivery of non-debt inducing climate finance, in particular for adaptation and loss and damage financing. At the global level, it should promote an effective, multilateral debt restructuring mechanism aligned to development and climate goals to allow timely, fair and transparent relief to countries in distress.
- *Public expenditure on climate.* While innovative sources of finance will be an integral part of the \$1.3T target, the Roadmap should also highlight the role of public resources and improving their alignment with climate needs. For example, as discussed above, debt servicing costs prevent many developing countries from increasing spending on climate plans and escalating military budgets or fossil fuel subsidies in developed countries put downward pressure on climate finance needs. Investments in adaptation and loss and damage are largely not return-generating, underlining the role of grant-based and highly concessional public financing. The Roadmap can acknowledge these differences between sources of finance and recipients, and bring granularity to the sorts of financing needed for different activities and contexts.
- *A realistic role for private finance.* Much emphasis has been placed on the need to mobilise private finance to close the climate finance gap, despite persistent underperformance in directing private investment towards developing countries’ needs. Since the \$1.3T target is inclusive of all flows, public and private, there is a risk that unrealistic expectations will be placed on private finance’s contributions to this overall goal. The Roadmap should clarify the role that private finance can play in achieving the \$1.3T target, including by appraising existing private finance flows, outlining a realistic expectation from private finance mobilization and identifying steps that both developed and developing country Parties can take to improve mobilisation. Pragmatism should lead expectations when assuming how much will come forth from private finance or “innovative sources”, given political feasibility, existing flows and absorptive capacities, particularly in LDCs.
- *Multilateral (MDBs) and Public Development Banks (PDBs).* A growing number of initiatives and voices have been focusing on the role of MDBs and their collaboration with the broader network of regional, national and sub-national PDBs to strengthen coherence across

³ UNCTAD (2024). *A world of debt: A growing burden to global prosperity*. United Nations publication. New York and Geneva.

developmental strategies at all levels.⁴ MDBs and PDBs are a potentially significant source of public finance with assets estimated at \$23 trillion, but the current international financial architecture is structurally unfit to deliver these resources to where they are needed in order to break climate investment traps in developing countries. The Roadmap should build on ongoing progress to enable these institutions to drive green developmental strategies, including by appraising the suitability of policy frameworks and conditionalities that come with their financing.

- *Official Development Assistance (ODA) commitments.* Without a common definition of what should count as climate finance, the double counting of ODA and climate finance risks overvaluing the climate-relevance of development projects and putting downward pressure on finance for other development needs. Meeting the \$1.3T goal could accelerate this dynamic, leading to a race to the bottom on climate finance accounting while climate plans go undelivered. The Roadmap could highlight key priorities for improving the integrity of finance flows going to developing countries to mitigate this dynamic.
- *International Monetary Fund (IMF) alignment with the Paris Agreement.* As the institution entrusted with maintaining global financial stability, the IMF can play a crucial enabling role in the delivery of the \$1.3T. Recent years have seen an expansion of climate-related efforts in the IMF, but persistent governance imbalances and contradictions in policy frameworks which do not take into account climate investment needs can undermine the allocation of finance to the countries most in need. The Roadmap can connect with sister efforts (for example in the 4th Financing for Development Conference in June 2025) to bring IMF practices into alignment with delivery of the \$1.3T target.
- *Tax cooperation and Illicit Financial Flows.* Multilateral options to tackle IFFs and boost tax revenues can directly contribute to the achievement of the \$1.3T goal. For instance, negotiations under the UN Framework Convention on International Tax Cooperation are the forum where countries can push for reforms for fair, just and effective tax rules; and the Solidarity Levy Taskforce is exploring innovative sources to raise revenues to be used for climate action.

What country experiences, best practices and lessons learned can be shared related to barriers and enabling environments; innovative sources of finance; grants, concessional and non-debt creating instruments, and measures to create fiscal space?

The Roadmap should seek to ensure a balance between the role of national and global policy conditions when considering steps towards the \$1.3T. At the national level, Parties delivering NDCs require strong institutional planning and delivery capacity, the dimensions of which can help or hinder financing strategies. However, as has become only too clear in the last five years after successive crises in the form of a pandemic, conflicts and macroeconomic tightening, global conditions and structural imbalances play an outsized role in determining developing countries' capacity to deliver climate and development goals. The Roadmap can focus efforts on ensuring the best possible 'enabling environment' at the global level for delivering the \$1.3T goal.

Which multilateral initiatives do you see as most relevant to take into account in the Roadmap and why?

⁴ Mariotti, C., Kozul-Wright, R.K., Bhandary, R.R. and K.P. Gallagher. 2025. *Blending from the Ground Up: Multilateral and National Development Bank Collaboration to Scale Climate Finance*. Boston University Global Development Policy Center.

With the Roadmap process running alongside the 4th International Conference on Financing for Development and a proliferation of initiatives that increasingly recognize the direct link between IFA reform and climate action, 2025 offers an opportunity to build bridges between these processes to bring greater coherence to multilateral outcomes and make them bigger than the sum of their parts. The most relevant initiatives include:

At the United Nations level

- UNCTAD16: The 16th session of the United Nations Conference on Trade and Development (UNCTAD16) will take place in Viet Nam in October 2025 under the theme “Shaping the future: Driving economic transformation for equitable, inclusive and sustainable development”.
- Our Common Agenda (2021) contains recommendations for accelerated and effective multilateral action through global cooperation. The subsequent Our Common Agenda Policy Brief 6 (2023) outlines action-oriented recommendations for reforming the international financial and tax architecture in six areas
- Fourth Financing for Development Conference (FFD4): it is expected to produce a new “global financing framework” incorporating various reform elements.
- Pact for the Future: it calls for comprehensive IFA reform to address climate challenges and SDGs while reaffirming commitment to climate action. The SDG Stimulus package and the Summit of the Future’s policy brief on the Reforms to the International Financial Architecture outline a clear way forward to address challenges and achieve sustainable development.
- UN Tax Cooperation Framework: with its Terms of Reference agreed in 2024, the process aims at establishing a new UN Framework Convention on International Tax Cooperation.

Country-led and multilateral initiatives

- Bridgetown Initiative links IFA reform to the 1.5°C target and is now in its third iteration.
- Expert Review on Debt, Nature and Climate launched by Colombia with France, Kenya, and Germany aims to examine interconnections between sovereign debt, nature conservation, and climate action in low- and middle-income countries. It should publish its final report in 2025.
- Accra-Marrakech Agenda adopted by the Vulnerable Group of 20 (V20) calls for comprehensive IFA reforms aligned with climate science and outlines a roadmap linking IFA reform to climate action.
- Nairobi Declaration on climate change and call to action signed by African Heads of State at the Africa Climate Summit focuses on mobilizing climate finance while emphasizing CBDR-RC principles and historical responsibilities.
- Global Solidarity Levies Task Force launched by Barbados, France, and Kenya at COP28 explores options for levies to raise resources for climate and development. Expanded to include 17 countries and partners including the AU and EU, policy proposals are expected to be presented at the 2025 Spring Meetings.
- At the G20 level, it is significant to mention two relevant workstreams:
 - First, the initiatives around the role of MDBs in scaling up finance. Starting from the Independent Review of Multilateral Development Banks’ Capital Adequacy Frameworks (2022) and culminating in the most recent Brazilian Presidency in 2024, who developed a Roadmap of MDBs’ reform “towards Better, Bigger and More Effective MDBs”, and an Independent High-Level Expert Group to review the Vertical Climate and Environmental Funds.

- Second, the work concluded under the Brazilian G20 Presidency’s Taskforce for the Global Mobilization against Climate Change in the form of its Ministerial document, that details commitments on climate finance, voluntary principles for transition planning and national climate investment platforms, as well as recommendations for financial frameworks aligned with the Paris Agreement; and an Outcomes document with non-binding recommendations for climate action. Furthermore, the Independent group of experts published “A Green and Just Planet” report about economic transformation to achieve the 1.5°C goal.

To avoid ambiguity, the position of the Roadmap within the landscape of UNFCCC work areas should be established, including clarifying the relationship with other relevant workstreams. This includes the Sharm-el-Sheikh Dialogue on Article 2.1(c) and its complementarity with Article 9; the Global Goal on Adaptation; the Global Stocktake; and the Fund for responding to Loss and Damage.

For more information contact

Ilaria Crotti

Climate and Development Strategies Unit

Division on Globalization and Development Strategies

ilaria.crotti@unctad.org